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BOOKKEEPING
INTRODUCTORY COURSE

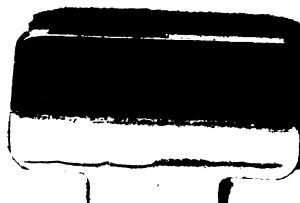
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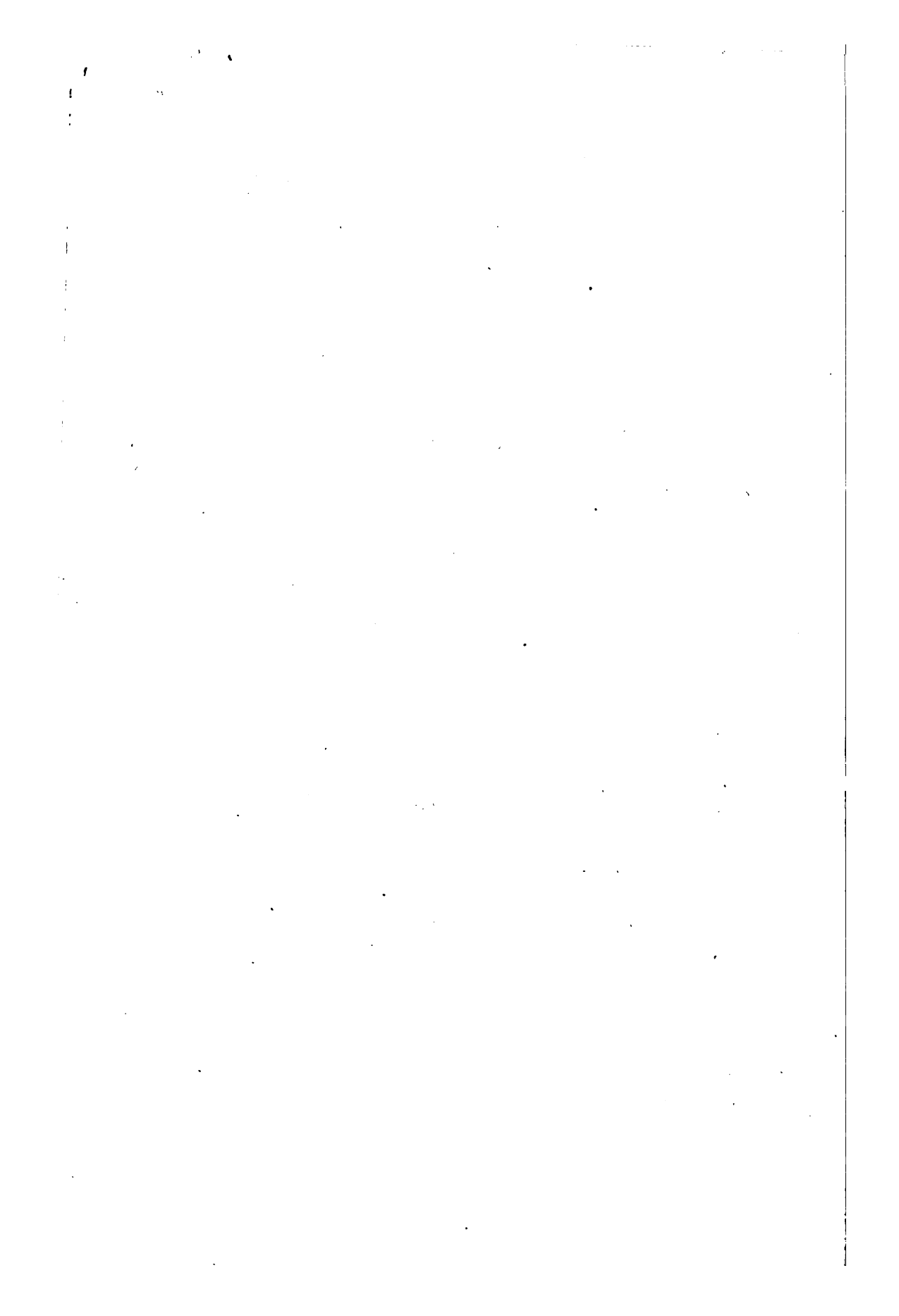
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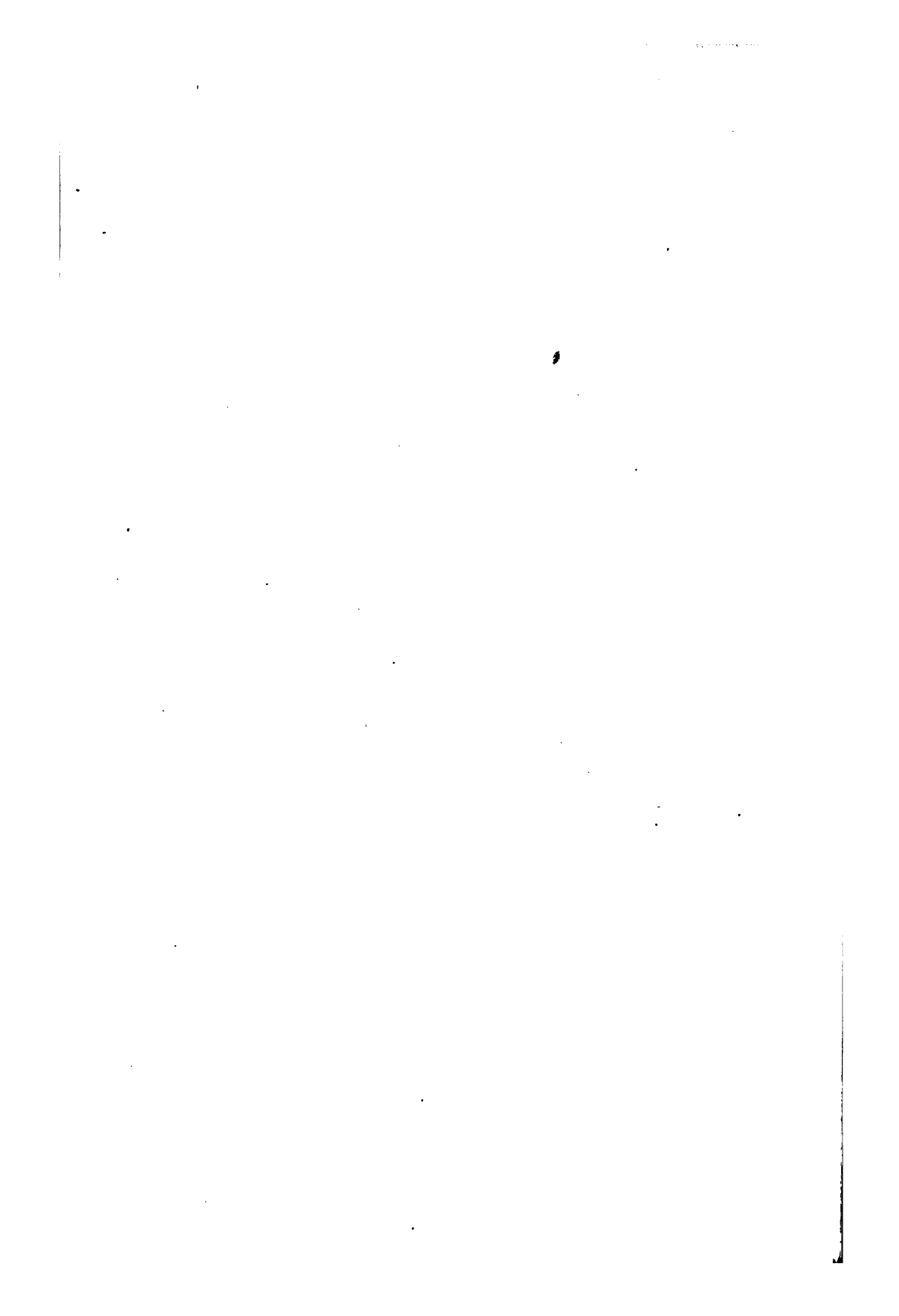


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THE MOORE AND MINER SERIES

BOOKKEEPING

INTRODUCTORY COURSE

BY

GEORGE W. MINER
=

GINN AND COMPANY

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PREFACE

The plan of this work on BOOKKEEPING is simple yet comprehensive, and the work is graded and developed with a view to interesting the student and imparting to him a knowledge of the subject that will have both an educational and a practical value.

Nearly all entries in bookkeeping are simple in character, and this fact is emphasized in the exercises and sets herein given. To cultivate self-reliance many reviews are included. These reviews are so arranged that the student does the work without assistance. The chief object is to enable him to master the principles of bookkeeping, and then the application of these principles to the various problems that may arise in business is not difficult.

Business forms are provided for a number of practice sets. This portion of the work is of an elastic character and may be used according to the time allotted to the study of bookkeeping, the requirements of the course of study, or the inclination of the instructor.

The author acknowledges his profound obligations to his friend, partner, and coworker, the late John H. Moore.

The following persons read either the manuscript or the proof sheets, and the helpful criticisms and suggestions they made have contributed greatly to the value of the work: Henry R. Hatfield, Professor of Accounting, University of California; Stephen W. Gilman, Professor of Business Administration, University of Wisconsin; William M. Cole, Assistant Professor of Accounting, Harvard University; Joseph F. Johnson, Dean of the School of Commerce, New York University; Charles C. Jones, Principal of the Commercial Department, High School, Dunkirk, New York; Albert C. Belding, First Assistant, Far Rockaway High School, New York City; Myron F. Palmer, Principal Bay Path Institute, Springfield, Massachusetts; Elizabeth F. Atwood, Commercial Department, High School, Westfield, Massachusetts; Elizabeth Campbell, Commercial Department, High School, Somerville, Massachusetts.

Business men, bookkeepers, and accountants have also been consulted freely regarding many features of this text, and their practical suggestions have added to the working value of the book. A part of this text is developed from **Accounting and Business Practice**.

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BOOKKEEPING

PART I. INTRODUCTORY WORK

INTRODUCTION

1. It is of first importance that the student should begin his work in accounts at some point where knowledge of his own is readily associated with that systematic arrangement of business transactions termed **Book-keeping**. The unknown must come into definite contact with the known if the mind of the learner is to be led step by step to larger understanding. Students who know nothing of accounts are often very familiar with the buying of household articles, and understand that they get one value by giving some other value in return. The starting point in this text is the giving and the receiving of values, and this feature is developed by a series of graded exercises.

2. The ability to apply a principle is always of positive value; for this reason, in the body of the text, terms are described and applied rather than defined. However, for the accommodation of those instructors who wish formal definitions, an appendix is given in which terms are defined.

3. A script model set is given, worked out in all details, using the journal and the ledger, and the results and the condition of the business are fully shown. Later, when the cashbook, the purchase book, and the sales book are introduced, another script set is given for the student's direction.

4. The oral exercises include a large number of entries which cover an extensive variety of transactions. They afford material for study, for class discussion, and for instruction in the principles of bookkeeping.

5. At the close of each set, reviews are given which provide different kinds of work. In these reviews, the text gives the student no aid, but he has an opportunity to test independently the knowledge he has gained. Some of these review exercises have sufficient data for a complete set.

6. The first exercise in the student's work is found on page 7.

BOOKKEEPING

Model Journal

January 1, 19-

PAGE	DEBITS AND CREDITS	EXPLANATIONS	DEBIT AMOUNT	CREDIT AMOUNT
		I, James Wilson, began business, investing cash \$2000 ⁰⁰		
1	Cash	Investment	2000 —	
1	Jas. Wilson			2000 —
1	Expense	Paid rent of	50 —	
1	Cash	store for Jan		50 —
1	Mdse.	Invoice of M. C.	950 —	
1	Cash	Brown, #1		950 —
1	Cash	Sold H. King	270 —	
1	Mdse.	45 bbl. Flour 6 ⁰⁰		270 —
1	Mdse.	Invoice of L. C.	240 —	
1	Cash	Horton, #2		240 —
1	D. Simons	Sold on acct.	244 —	
1	Mdse.	30 bbl. Flour 6-18 ⁰⁰		244 —
		40 " Salt 1 ⁰⁰ 64 ⁰⁰		
1	Cash	Sold A. Mead	125 —	
1	Mdse.	20 bbl. Flour 5 ⁰⁰ 10 ⁰⁰		125 —
		10 " Salt 1 ⁰⁰ 15 ⁰⁰		
1	Mdse.	Invoice on acct.	375 40	
1	O. Lane	count, #3		375 40
1	Cash	Received on acct.	144 —	
1	D. Simons	count		144 —
1	O. Lane	Paid on acct.	175 40	
1	Cash			175 40

MODEL SCRIPT SET

3

Model Ledger.

James Wilson

MO.	DAY	EXPLANATION	PAGE	\$	¢	MO.	DAY	EXPLANATION	PAGE	\$	¢
						Jan	1		1	2000	

Cash

Jan	1		1	2000	Jan	2		1	50
	4		1	270		3		1	950
	8		1	125		5		1	240
	10		1	144		11		1	17540

Expense

Jan	2		1	50							
-----	---	--	---	----	--	--	--	--	--	--	--

Merchandise

Jan	3		1	950	Jan	4		1	270
	5		1	240		6		1	244
	9		1	37540		8		1	125

D. Simons

Jan	6		1	244	Jan	10		1	144
-----	---	--	---	-----	-----	----	--	---	-----

O. Lane

Jan	11		1	17540	Jan	9		1	37540
-----	----	--	---	-------	-----	---	--	---	-------

BOOKKEEPING

Model Trial Balance

Trial Balance, Jan. 31, 19-

PAGE	NAME OF ACCOUNT	DEBIT	CREDIT
1	Jas. Wilson		2000 —
1	Cash	2539 —	1415 40
1	Expense	50 —	
1	Mdsc.	1565 40	639 —
1	D. Simons	244 —	144 —
1	O. Lane	175 40	375 40
		4573 80	4573 80

Model Statements

Statements, Jan. 31, 19-

Loss & Gain Statement		LOSSES	GAINS
Mdsc. Cr.	639		
Inv.	1026		
Total	1665		
Dr.	1565.40		99 60
Expense Dr.		50 —	
Net Gain	of the business	49 60	
		99 60	99 60
Resource & Liability Statement		RESOURCES	LIABILITIES
Cash	on hand	1123 60	
Mdsc.	inventory	1026 —	
D. Simons	due the business	100 —	
O. Lane	bus. owes him		200 —
Mrs. North	of the business		2049 60
		2249 60	2249 60
Verification			
James Wilson	Investment	2000 —	
	Net Gain	49 60	
	Mrs. North		2049 60
		2049 60	2049 60

Model Ledger Closed

James Wilson

19--	Jan. 31	Pres. Worth	1	2049 60	19--	Jan. 1	1	2000 --
						31	Net Gain	1 4960
				2049 60				2049 60
						Feb. 1	Pres. Worth	2049 60

Merchandise

19--	Jan. 3		1	950 --	19--	Jan. 4	1	270 --
	5		1	240 --		6	1	244 --
	9		1	375 40		8	1	125 --
	31	Loss & Gain	2	9960		31	Inventory	1026 --
				1665 --				1665 --
	Feb. 1	Inventory		1026 --				

Expense

19--	Jan. 2		1	50 --	19--	Jan. 31	Loss & Gain	2 50 --

Loss & Gain

19--	Jan. 31	Expense	1	50 --	19--	Jan. 31	Merch.	1 9960
	31	Net Gain	1	4960				
				9960				9960

Model for recording Inventories

Inventories, Feb. 28, 19-

<u>Merchandise</u>					
300 bu. Corn	38¢	114			
100 " Wheat	72¢	72			
200 " Oats	29¢	58			
150 " Rye	49¢	73 50	317 50		
<u>Expense</u>					
Office Safe		110			
Office Books		25 60	135 60		

THE SCRIPT FORMS AND MODELS

In connection with the student's preliminary work he is directed to write some of the script forms given on preceding pages. These forms represent the highest excellence in penmanship and may serve as models in writing for the student. The plan, statement, and arrangement of these models may be a guide to the student in all his work throughout the book. The method of placing matter on the page and the completeness of explanations are parts of high-grade bookkeeping.

While writing these models the student is learning how to place business transactions on the written page in the most approved manner. Business records are not only valuable when made, but may be of especial importance years hence; therefore it is necessary that the statements be clear not only to the writer but to any person who may have occasion to examine them at any future time. If books are introduced into court as evidence, the explanatory part of the records is often the most important. It is the experience of attorneys that very few books of record that are brought into court have any value as evidence, because of the incompleteness of the explanatory matter. If explanations are not made clearly, a correct entry is of little value as conclusive evidence.

Erasures are not to be tolerated, as they not only spoil the neatness of the page, but often make entries look suspicious.

FUNDAMENTAL PRINCIPLES

EXERCISE 1

FOR ORAL WORK

A **Business Transaction** is an exchange of values ; that is, the giving of one value in return for another.

A bought of B 20 T. coal at \$5 per ton, and paid the money for it. Name the two values in this transaction. Which value did A receive ? Which value did he give ?

A sold to C 2 T. coal at \$6 per ton, and received the money for it. Name the two values in this transaction. Which value did A receive ? Which value did he give ?

Each of the above transactions is an exchange of values. In the first, A *receives* value, 20 T. coal, and *gives* value, \$100 in money. In the second, A *receives* value, \$12 in money, and *gives* value, 2 T. coal.

A merchant sold a pair of shoes for \$4 ; the value received by him was \$4, and the value given was *a pair of shoes*.

A man sold a horse for \$100 ; the value received by him was \$100, and the value given was *the horse*.

A doctor occupied a suite of rooms which belonged to another man, for the use of which he paid the owner at the end of one month \$50 ; the value received by the doctor was *the use of the rooms*, and the value given was \$50.

A grocer sold John Bell a barrel of flour for \$6, which was to be paid for in 10 da., a sale on *credit* or on *account* ; the value received by the grocer was *the expressed or implied promise* of the customer to pay the bill in 10 da., and the value given was *the barrel of flour*.

A manufacturer paid B \$2 for shoveling snow off his sidewalks ; the value received by the manufacturer was *the services of B*, and the value given was \$2.

C borrowed \$100 of D, and at the end of 6 mo. paid \$3 for the use of the money to date ; the value received by C was *the use of \$100 for 6 mo.*, and the value given was \$3.

Henry Brown bought a suit of clothes of his tailor for which he paid \$40 ; the value received by Brown was *the suit of clothes*, and the value given was \$40.

These represent business transactions, for they show that for every value received a value was given.

EXERCISE 2**FOR ORAL WORK**

These items represent the transactions of a merchant, Edward M. Brown, for several days. Name the value received and the value parted with in each transaction.

- Feb. 1.* Bought of A. R. Dean for cash, 500 bu. wheat at \$1.
2. Sold Fred S. Lay for cash, 100 bu. wheat at \$1.15.
3. Bought of John Barr for cash, 50 bu. beans at \$3.
4. Sold Bell Bros. for cash, 30 bu. beans at \$3.50.
5. Bought of H. A. Leary for cash, a set of office books for \$15.

This item is called *Expense* because the supplies were bought to be consumed, not to be sold, — an expenditure to carry on the business.

6. Bought of Thos. M. Day for cash, 200 bu. millet at \$1.
6. Sold S. A. Allen for cash, 100 bu. millet at \$1.30.
8. Paid John Race, a carpenter, cash for repair work, \$6.
9. Bought a delivery wagon of A. R. Meek for cash, \$55.
10. Bought a horse of James Crow for cash, \$75.
11. Sold J. H. Morse for cash, 200 bu. wheat at \$1.15.
12. Bought of Arthur Way 60 bu. beans at \$3, and agreed to pay for them in 10 da.

In this transaction the value received is the 60 bu. beans, and the value parted with is the stated or implied promise to pay for them in 10 da.

13. Sold Isaac Mason 40 bu. beans at \$3.50, and he agreed to pay for them in 15 da.

15. Gave John Weeks, a clerk, cash, \$10.

EXERCISE 3**FOR WRITTEN WORK**

Take a sheet of paper and draw a line through the middle of the page from the top to the bottom. On the *left* side of this line write the technical name of the value received, and on the *right* side of the line write the technical name of the value parted with, for each transaction in Exercise 2.

The technical term applied to goods bought to be sold is *Merchandise*; to any expenditure to carry on the business, *Expense*; to all forms of money, and business papers which pass as money, *Cash*.

Cash includes gold, silver, paper money, checks, bank drafts, money orders, etc.

Expense may include rent, fuel, lighting, clerk hire, postage, stationery, advertising, and the like.

When there is an expenditure to carry on the business, such as the payment of money for rent, the value received is entered under the name *Expense*.

Items of Feb. 1, 2, 8, and 12 will appear as follows, in the order named:

Mdse.	\$500	Cash	\$500
Cash	115	Mdse.	115
Expense	6	Cash	6
Mdse.	180	Arthur Way	180

EXERCISE 4

FOR WRITTEN WORK

This exercise is to be worked out in the same form as the preceding one; that is, the names and the amounts of the values received and parted with are to be placed respectively on the left and right sides of a perpendicular line. As a review, the exercise may be used first orally.

These items represent the transactions of a merchant, Richard S. Rowe, for several days.

March 1. Bought of J. N. Osborn for cash, 60 yd. velvet carpet at \$1.

2. Sold Allan Dale for cash, 25 yd. velvet carpet at \$1.20.

3. Paid Henry A. Milton cash, for rent of the store for 1 mo., \$28.

A receipt similar to the one illustrated herewith would be received by Rowe from Milton.

<u>Albany, N. Y., Mar. 3, 19--</u>	
Received of <u>Richard S. Rowe</u>	
<u>Twenty-eight</u> ⁰⁰ / ₁₀₀	Dollars
<u>for rent of store for 1 mo.</u>	
<u>\$ 28--</u>	<u>Henry A. Milton</u>

4. Bought of Wm. Jackson for cash, 100 yd. Brussels carpet at \$1.25.

5. Sold John Welton for cash, 40 yd. Brussels carpet at \$1.50.

6. Bought of John Lane, on account, 20 Smyrna rugs at \$3.75.

On the *right* side of the line write *John Lane*, because the promise was given to him.

In this transaction, *on account* means that the goods bought are to be paid for at some future time.

March 6. Sold John Drew, on account, 10 Smyrna rugs at \$4.75.

On the *left* side of the line write *John Drew*, because the promise was received from him.

8. Sold Ira Hicks for cash, 5 Smyrna rugs at \$5.

9. Bought of D. K. Pearson for cash, 100 yd. ingrain carpet at 70¢.

10. Paid John Lane cash, to apply on account, \$50.

On the *left* side of the line write *John Lane*, because the promise given was redeemed.

In this transaction, to *apply on account* means that only a part of what was owed was paid.

11. Sold A. L. Derby for cash, 50 yd. ingrain carpet at 85¢.

12. Received of John Drew cash, to apply on account, \$25.

On the *right* side of the line write *John Drew*, because he redeemed his promise.

13. Bought of Harry Lucas for cash, office books and stationery, \$12.

13. Bought of A. F. Service for cash, 200 yd. matting at 45¢.

15. Sold Harvey Gilman for cash, 100 yd. matting at 60¢.

16. Bought of Harvey Pease for cash, 3 T. coal for office use at \$6.

17. Sold John L. Smith for cash, 50 yd. matting at 58¢.

18. Sold Albert Owen, on account, 40 yd. matting at 63¢.

19. Bought of Amos Gibson, on account, 100 yd. velvet carpet at \$1.

20. Sold Lester Ford for cash, 25 yd. velvet carpet at \$1.40.

22. Paid Amos Gibson cash, to apply on account, \$75.

23. Received of Albert Owen cash, in full of account, \$25.20.

In full of account means that *all* that was owed on a given account was paid.

EXERCISE 5

FOR WRITTEN WORK

In this exercise use the same form as in Exercises 2 and 4. As a review, the exercise may be used first orally.

These items represent the transactions of a merchant, James A. Murphy, for several days.

April 1. Bought of Ball & Son for cash, 200 bbl. flour at \$5.

2. Sold Henry Allen for cash, 100 bbl. flour at \$6.50.

3. Paid John Weeks cash, for rent of the store for 1 mo., \$50.

4. Bought of Hunt & Co., at 10 da., 500 bu. wheat at 95¢.

At 10 da. means *on account, to be paid in 10 da.*

5. Sold Powell & Co., at 10 da., 300 bu. wheat at \$1.10.

6. Sold Lane & Son for cash, 50 bbl. flour at \$6.50.

April 6. Bought of Harper & Co. for cash, 5 T. coal for office use at \$6.

8. Sold Lee & Sampson for cash, 100 bu. wheat at \$1.08.

9. Bought of Field & Co. for cash, 1 office safe for \$65.

Transactions for April 9 and 10 may be treated as Expense items.

10. Bought of Derby Desk Co. for cash, 1 office desk for \$35.

11. Bought of Wright Bros. for cash, 600 bu. corn at 50¢.

12. Sold Elder & Co. for cash, 50 bu. wheat at \$1.05.

13. Paid Hunt & Co. cash, for the amount of the bill of April 4.

15. Received of Powell & Co. cash, for the amount of the bill of April 5.

16. Paid John Atlin, a clerk, cash, \$10.

EXERCISE 6

TERMS EXPLAINED

All items at the left of the perpendicular line, in the preceding exercises, are *debits*, and all items at the right are *credits*; hence

Debits represent values *received*, and **Credits** values *parted with*.

A systematic classification of debits and credits in business transactions is called **Journalizing**.

A person who owes a debt is called a **Debtor**; a person to whom a debt is owed, a **Creditor**.

A **Debit** is an amount due the business, or the amount of a thing or a service received; a **Credit** is an amount owed by the business, or the amount of a thing or a service given.

By universal custom, the **left-hand** side of an account is the **Debit** side, and the **right-hand** side the **Credit** side.

As an oral exercise, go over all the transactions in Exercises 2, 4, and 5, and classify the values received and parted with as debits and credits.

EXERCISE 7

FOR WRITTEN WORK

These items represent the transactions of a merchant, Wm. L. Martin, for several days. Classify the values as debits and credits.

May 1. Bought of Brown Bros., on account, 1000 bu. wheat at \$1.

2. Bought of Taylor & Co., at 10 da., 1000 bu. corn at 45¢.

3. Sold Henry Smith, at 15 da., 200 bu. wheat at \$1.20.

The technical term for my *written* promise to pay money to another is, on my books, *Bills Payable*; for his *written* promise to pay me, *Bills Receivable*.

Some instructors prefer to use the terms *Notes Payable* and *Notes Receivable*. There is no objection to the use of these terms.

The following **Promissory Note** would be classified as *Bills Payable* by Henry W. Sherman, and as *Bills Receivable* by Morgan, Taylor & Co.

\$1200 ⁰⁰	Boston, Mass., Jan. 16, 19--
Thirty days	after date: I promise to pay to
the order of Morgan, Taylor & Co.	
Twelve Hundred ⁰⁰ / ₁₀₀	Dollars
at Winthrop National Bank	
Value received	
No. 12	Due Feb. 15, Henry W. Sherman

May 4. Gave Brown Bros. a note at 5 da., for \$500.

Who received value in this transaction? What is the name of the value parted with?

5. Received of Henry Smith his note at 5 da., for \$240.

What value was received in this transaction? To whom was value given?

6. Sold James W. Hills for cash, 400 bu. corn at 55¢.

6. Paid H. S. Crane cash, for rent of the store for 1 mo., \$50.

8. Bought of James B. Williams, on account, 1000 bu. oats at 40¢.

9. Paid Brown Bros. cash, for a note due to-day, \$500.

The name of the value given in the transaction of May 4 is here the name of the value redeemed.

10. Received of Henry Smith cash, for his note due to-day, \$240.

The name of the value received in the transaction of May 5 is here the name of the value parted with.

11. Sold Wm. Jones, on account, 500 bu. oats at 50¢.

12. Bought of Lacey & Son for cash, 2 T. coal, to be used for heating the store, at \$5.

13. Received of Wm. Jones cash, to apply on account, \$100.

13. Paid James B. Williams cash, to apply on account, \$250.

15. Paid Mary A. Brown, a clerk, cash, \$20.

SUGGESTIONS FOR RULING

Place the beveled edge of the ruler just below the first ruled line on the page; keep the point of the pen away from the ruler. Draw a line across the page, keeping the pen on the ruled line, as follows:

This exercise in ruling should be repeated from day to day until good results are secured.

SET A (MODEL SET). GENERAL MERCHANDISE

On pages 2 to 5 is a *model set*, in script, complete in every detail. This set was written from the following memoranda of transactions. Study each transaction in connection with the entry for it in the *model journal*, both the debit and the credit, also the explanatory portion. Note the name given to each column in the journal. The paragraph in script at the beginning of the journal is the *memorandum*, setting forth the conditions under which business was begun. The figures in the middle of the script journal page are the dates.

When a man begins business he usually makes an *investment*, so that he may be able to carry on his business. In these practice sets cash investments will be used.

In this set the proprietor, James Wilson, makes a cash investment of \$2000.

MEMORANDA OF TRANSACTIONS

- Jan.* 1. James Wilson began business, investing cash, \$2000.
 2. Paid James A. Bird cash, for rent of the store for 1 mo., \$50.
 3. Bought of M. C. Brown for cash:
 190 bbl. Flour at \$5
 4. Sold H. King for cash:
 45 bbl. Flour at \$6
 5. Bought of L. C. Horton for cash:
 24 bbl. Flour at \$5 120 bbl. Salt at \$1
 6. Sold D. Simons on account:
 30 bbl. Flour at \$6 40 bbl. Salt at \$1.60
 8. Sold A. Mead for cash:
 20 bbl. Flour at \$5.50 10 bbl. Salt at \$1.50
 9. Bought of O. Lane on account:
 60 bbl. Flour at \$5.24 61 bbl. Salt at \$1
 10. Received of D. Simons cash, to apply on account, \$144.
 11. Paid O. Lane cash, to apply on account, \$175.40.

INVENTORY, JANUARY 31, 19—

Merchandise :

179 bbl. Flour at \$5	\$895	
131 bbl. Salt at \$1	131	\$1026

NOTE. The inventory is recorded immediately after the memoranda of transactions, just for convenience. The use of the inventory will be discussed in Exercise 23.

The fundamentals of bookkeeping are recognized by all bookkeepers, but the forms of record vary. One of the simplest forms of recording business transactions is to write the dates, the debit and the credit titles, a complete history of the transactions, and the money values of the same in a book called the **Journal**, including the daybook record or explanations, and to collect and classify these entries in a book of accounts called the **Ledger**.

This method is set forth in the introductory work.

EXERCISE 10

ANALYSIS OF THE MODEL JOURNAL

The following is an analysis of each entry in the model journal. *Similar analyses* should be used in connection with all journalizing.

- Entry 1.** Cash is debited because value was received by the business under the title *Cash*.
James Wilson is credited for the amount he invested in the business.
- Entry 2.** Expense is debited because value was received by the business under the title *Expense*.
Cash is credited because value was parted with by the business under the title *Cash*.
- Entry 3.** Merchandise is debited because value was received by the business under the title *Merchandise*.
For the credit, refer to the second part of Entry 2.
- Entry 4.** For the debit, refer to the first part of Entry 1.
Merchandise is credited because value was parted with by the business under the title *Merchandise*.
- Entry 5.** For the debit, refer to the first part of Entry 3.
For the credit, refer to the second part of Entry 2.
- Entry 6.** D. Simons is debited because he became indebted to the business.
For the credit, refer to the second part of Entry 4.
- Entry 7.** Refer to Entry 4.
- Entry 8.** For the debit, refer to the first part of Entry 3.
O. Lane is credited because the business became indebted to him.
- Entry 9.** For the debit, refer to the first part of Entry 1.
D. Simons is credited because he got out of debt to the business.
- Entry 10.** O. Lane is debited because the business got out of his debt.
For the credit, refer to the second part of Entry 2.

EXERCISE 11

SUMMARY OF PRINCIPLES

In the study of the preceding exercises it has been seen that we

DEBIT	AND CREDIT
1. That which is bought	2. That which is sold
3. That which costs value	4. That which produces value
5. All moneys received	6. All moneys paid out
7. Persons who owe the business	8. Persons whom the business owes
9. Other persons' notes received	10. Other persons' notes when paid by them
11. Our notes received (paid)	12. Our notes given (issued)

The foregoing principles may be summarized as **One General Principle for Journalizing**, as follows:

Debit, under their appropriate names, all values that are received by the business. (See **Debit**, Appendix B.)

Credit, under their appropriate names, all values that are given by the business. (See **Credit**, Appendix B.)

These principles are not to be memorized, but should be referred to frequently until their meaning and application are well understood.

By the skillful application of this principle the debits and the credits of every business transaction may be determined.

EXERCISE 12

FOR WRITTEN WORK

Make an exact copy of the model journal, page 2, on a half sheet of loose journal paper. If journal paper is not available, rule a sheet of ordinary writing paper for a journal. This copy must be exact in every detail.

In making this copy omit the figure 1 in the page column of the model journal.

In the money columns at the right, when writing an even number of dollars, put a dash in the cents column. This shows that an omission has not occurred.

Keep this copy for a subsequent exercise.

EXERCISE 13

DIRECTIONS FOR POSTING

An **Account** is a collection of debits and credits under one heading.

An account may contain but one debit or one credit.

A number of accounts may be seen in the model ledger, page 3.

The **Ledger** is a book containing the accounts of the business.

Posting is a process of transferring debit and credit items to their respective accounts in the ledger.

At present, all posting is from the journal.

The *posting* of the model journal is on page 3. This page is the model ledger.

Each different name that appears in the model journal requires an account or a heading of the same name in the ledger; therefore there are

six accounts in the model ledger. The Proprietor's account is usually the first in the ledger.

To **Open an Account**, write in the ledger, as a heading, the name to which items are to be posted.

Note that in the model journal the debits and the credits of merchandise are distributed over the entire page. Then note that in the model ledger the debits and the credits of merchandise appear under the heading of *Merchandise* in one section of the page, entirely apart from other items on the page. Posting brings about this classification of debits and credits under appropriate headings.

The left and the right side of the ledger have the same ruling; the *left* is the *debit* side, and the *right* is the *credit* side.

Now examine the posting from the model journal to the model ledger.

By referring to the script set, the student has an opportunity to study posting in just the form in which it will appear in his own work.

In the model journal, in each entry, the name that is debited appears first, and the credit appears second. The *first* money column records the amount of the debit, and the *second* money column records the amount of the credit. All items in the first money column will be posted to the left (*debit*) side of the ledger; all items in the second money column will be posted to the right (*credit*) side of the ledger.

Now trace the posting of each debit item in the model journal to the model ledger.

The first item in the journal is *Cash*. Turn to the *Cash* account in the ledger, debit side, and note the *amount*, the *page* of the journal from which the item was posted, and the *date*. Above the date the year is written. The page of the ledger is placed at the left of *Cash* in the journal. The placing of these page numbers in both ledger and journal *checks* the posting; that is, shows that the posting has been completed.

The next debit item is *Expense*. Turn to the *Expense* account in the ledger and trace the amount, the page, and the date. Note that the ledger page is placed at the left of *Expense* in the journal.

In this manner trace the posting of each *debit* item in the journal.

The first credit item in the journal is *James Wilson*. Turn to his account in the ledger, credit side, and note the amount, the page, and the date. Above the date the year is written. The page of the ledger is placed at the left of *James Wilson's* name in the journal.

The next credit item is *Cash*. Turn to the *Cash* account in the ledger, credit side, and note the amount, the page, and the date. Remember to place the page of the ledger at the left of *Cash* in the journal.

In this manner trace the posting of each credit item in the journal. Review until all is clearly understood.

EXERCISE 14**ANALYSIS OF THE MODEL LEDGER**

The posting of the model journal has been completed. The following is a full explanation of each account in the model ledger.

Each account having more than one item has been footed. (The minute figures in the accounts show this footing.) These footings should always be written in pencil. (See model ledger, page 3.)

James Wilson's account:

The credit shows that he invested \$2000.

The debit shows that he has withdrawn nothing.

Cash account:

The debit shows that the business has received \$2539.

The credit shows that the business has paid out \$1415.40.

Expense account:

The debit shows that value was received, — the use of the store, which cost \$50.

Merchandise account:

The debit shows that the business has bought merchandise to the amount of \$1565.40.

The credit shows that the business has sold merchandise to the amount of \$639.

D. Simons's account:

The debit shows that he became indebted to the business to the amount of \$244.

The credit shows that he paid \$144 on his indebtedness.

O. Lane's account:

The credit shows that the business became indebted to him to the amount of \$375.40.

The debit shows that the business has paid \$175.40 on such indebtedness.

Similar analyses of ledger accounts should be made frequently.

The ledger is the book of accounts in business and is referred to very frequently for information that is wanted immediately; therefore one should be able to understand an ordinary account almost at a glance. For this reason, strong emphasis has been placed on the analysis of ledger accounts in the very earliest stages of the student's work in bookkeeping.

EXERCISE 15**TRIAL BALANCE OF THE MODEL LEDGER**

The script trial balance, page 4, is a trial balance of the model ledger.

The trial balance is simply a list of the names and the totals of each open ledger account and shows that the debits and the credits are equal.

Study this trial balance carefully, and then take a trial balance of the model ledger and compare it with the script trial balance.

EXERCISE 16**FOR WRITTEN WORK**

Each student has made a copy of the model journal on a sheet of journal paper.

Post this exercise, using a half sheet of loose ledger paper. Allow ten lines for each account. Write the accounts in the same order as in the model ledger. Post the model journal a second time.

In posting, write the name of the month and the year at the head of each account only once, and do not use ditto marks.

Post *all* the debit items first, and then *all* the credit items.

After the journal items have been transferred to the ledger, the posting may be *rechecked*. This checking is usually done to locate an error.

Determine whether the first debit item in the journal has been posted correctly to the ledger. If it has, place a small check (✓) in pencil at the left of the first money column in the journal, and at the left of the folio column in the ledger. Use a pencil for checking, and make very *small* check marks. These marks should not be erased.

The following script illustrations will show how this checking should be done.

April 6, 19-

9	Merch.	Invoice on ac-	✓	31425					
9	J. A. Lyons	count, #6	✓					31425	

Merchandise

19-	Apr 6		13	31425					
				J. A. Lyons					
				Apr 6				13	31425

Take trial balances of the ledgers just posted.
Keep this work for a subsequent exercise.

EXERCISE 17**FOR WRITTEN WORK**

Journalize Exercise 2, page 8, in the same form as the model journal. The names and the amounts are different from those in the model.

Under Feb. 1 the proprietor, Edward M. Brown, makes a cash investment of \$1000. (An additional item.)

Make the memorandum and the entry for this investment, and then journalize the other business transactions.

When goods are bought, an invoice is received by the buyer and placed on file; for this reason the items of the invoice need not be recorded in the explanatory portion of the journal.

When goods are sold, an invoice is sent by the seller, and a copy of it is not always kept on file; for this reason the items of the invoice should be recorded in the explanatory portion of the journal.

These explanatory portions of the journal are held to be of great value in courts of law.

Use loose half sheets of journal paper and ledger paper. In the ledger allow ten lines for each account.

Recheck the posting. Take a trial balance.

Pass all work to the instructor.

EXERCISE 18**FOR WRITTEN WORK**

Journalize Exercise 4, page 9.

Under March 1 the proprietor, Richard S. Rowe, makes a cash investment of \$1200. (An additional item.)

Post to the ledger and then recheck the posting.

Take a trial balance.

Pass all work to the instructor.

EXERCISE 19**FOR WRITTEN WORK**

Journalize Exercise 5, page 10.

Under April 1 the proprietor, James A. Murphy, makes a cash investment of \$1100. (An additional item.)

Post to the ledger and then recheck the posting.

Take a trial balance.

Pass all work to the instructor.

EXERCISE 20**FOR WRITTEN WORK**

Journalize Exercise 7, page 11.

Under May 1 the proprietor, Wm. L. Martin, makes a cash investment of \$1250. (An additional item.)

Post to the ledger and then recheck the posting.

Take a trial balance.

Pass all work to the instructor.

EXERCISE 21**SET B. FURNITURE**

Journalize the transactions in this set, as in the model journal, on a half sheet of journal paper.

As a class exercise, each transaction may be journalized orally. Give the reason for each debit and each credit named.

MEMORANDA OF TRANSACTIONS

Feb. 1. Wm. A. Morton began the Furniture business and invested cash, \$1800.

2. Paid E. R. Law cash, for rent of the store for 1 mo., \$35.

4. Bought of Henry Burke for cash:

16 Library Tables at \$25

6. Sold Case & Co. for cash:

8 Library Tables at \$30

8. Bought of Henry Ellis on account:

12 Library Tables at \$22.50

10. Sold John E. Smith on account:

10 Library Tables at \$27.50

13. The proprietor withdrew cash for personal use, \$50.

When the proprietor makes an investment the *business receives money from him*, and when he withdraws money for his own use the business gives money to him; therefore the entry is just the same as for any other person to whom money is paid.

15. Bought of John Hastings for cash:

20 Library Tables at \$25

Feb. 19. Sold E. W. Harris for cash:

15 Library Tables at \$30

23. Paid Henry Ellis cash, to apply on account, \$150.

25. Received of John E. Smith cash, to apply on account, \$175.

27. Paid Howard Green, a clerk, cash for his salary, \$20.

INVENTORY, FEBRUARY 28, 19—

Merchandise:

15 Library Tables at \$24.50	\$367.50
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NOTE. The use of the inventory will be discussed in Exercise 23.

Post to the ledger; allow ten lines for each account.

Take a trial balance.

Keep all this work for a subsequent exercise.

EXERCISE 22

SET C. GRAIN AND SEED

Journalize the transactions in this set in the same form as the model journal, on a half sheet of loose journal paper.

As a class exercise, each transaction may be journalized orally. Give the reason for each debit and each credit named.

MEMORANDA OF TRANSACTIONS

March 1. Student begins the Grain and Seed business and invests cash, \$1500.

2. Pay Harold Brown cash, for rent of the store for 1 mo., \$40.

3. Buy of H. H. Morley for cash:

400 bu. Corn at 48¢	350 bu. Oats at 35¢
---------------------	---------------------

4. Sell Smith Bros. for cash:

200 bu. Corn at 60¢	100 bu. Oats at 42¢
---------------------	---------------------

6. Buy of Grace & Co. for cash, office books and stationery, \$14.50.

What is the name of the account that is debited?

8. Buy of Wm. A. Cannon, on account:

250 bu. Wheat at \$1	15 bu. Clover Seed at \$6
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10. Sell James A. Butler, on account:

150 bu. Corn at 61¢	200 bu. Oats at 43¢
---------------------	---------------------

March 13. Pay Wm. A. Cannon cash, to apply on account, \$200.

15. Buy of the Larkin Coal Co. for cash, 2 T. coal, for office use, at \$5.50.

17. Receive of James A. Butler his note at 10 da., to apply on account, \$100.

What name is given to *his note*?

20. Sell A. R. Burton for cash:

8 bu. Clover Seed at \$7.50

22. Give Wm. A. Cannon your note at 30 da., to apply on account, \$100.

What name is given to *your note*?

23. Sell Henry A. Barker, on account:

120 bu. Wheat at \$1.20

24. Receive of James A. Butler cash, to balance his account, \$77.50.

25. Withdraw from the business cash, for personal use, \$75.

26. Receive of Henry A. Barker cash, to apply on account, \$100.

27. Receive of James A. Butler cash, for his note due to-day, \$100.

What is the debit in this transaction? the credit?

29. Buy of Johnson & Co. for cash:

100 bu. Corn at 50¢

100 bu. Oats at 35¢

30. Sell Harding & Co. for cash:

50 bu. Corn at 62¢

50 bu. Oats at 44¢

31. Pay James A. Norton, a clerk, cash, for his salary, \$22.50.

INVENTORIES, MARCH 31, 19—

Merchandise:

100 bu. Corn at 50¢

\$50.

100 bu. Oats at 35¢

35.

130 bu. Wheat at \$1

130.

7 bu. Clover Seed at \$6

42. \$257.

Expense:

Office Books

\$10.

1 T. Coal

5.50 \$15.50

NOTE. The use of the inventory will be discussed in Exercise 23.

Post to the ledger; allow fifteen lines for the *Cash* account, and ten lines for all other accounts.

Before taking a trial balance rule the accounts in the ledger that balance. The script illustrations herewith show how to rule them. Rule the accounts of *James A. Butler* and *Bills Receivable*.

M. M. Pond

19-				19-			
Jan 6		3	210 11	Jan 9		3	100
12		4	100 14	20		4	260 40
23		5	56 50	30		6	146 35
29		6	140				
			506 75				506 75

D. A. Zook

19-				19-			
Jan 10		3	291 62	Jan 24		4	291 62

Take a trial balance.

Keep all this work for a subsequent exercise.

EXERCISE 23

FOR ORAL AND WRITTEN WORK

INVENTORIES AND THE CLASSIFICATION OF ACCOUNTS

The student may verify the inventory given in Set A, as follows:

How many barrels of flour were bought? How many barrels were sold? How many barrels should be on hand?

How many barrels of salt were bought? How many barrels were sold? How many barrels should be on hand?

An **Inventory** is an itemized statement of the value of the goods on hand.

An inventory is usually taken at *cost* prices.

An inventory of merchandise is *never* found by taking the *balance* of the merchandise account. This is true because the cost prices and the sale prices are not the same, and the true condition of the account can be shown only by using the inventory.

Expense and other items are inventoried frequently.

This is true because only a part of that which was charged to *Expense* may have been consumed or disposed of.

The inventories in each set should be copied into the journal immediately following the last journal entry.

Unless otherwise instructed, *date each inventory* under the *last day* of the month in which the set was written.

The inventories are recorded in the journal as a matter of convenience. In business, it is a common practice to make out the complete inventory on sheets of paper; these sheets are then bound and filed for subsequent use.

In working out the following classification of accounts, refer to the model ledger and the model trial balance on pages 3 and 4.

In the *Merchandise* account, what are the total purchases? the total sales? What is the value of the goods on hand (the inventory)? Now it can be determined if any gain has been realized.

By putting together the amount of the goods sold, the credit, and the value of the goods on hand (the inventory), the money value of the *Merchandise* account at the close of the month is shown: $\$639 + \$1026 = \$1665$. These goods cost (the debit) $\$1565.40$; the difference ($\$1665 - \1565.40) is $\$99.60$, the gain.

To summarize, using two methods:

No. 1		No. 2	
Merchandise:		Merchandise:	
Cr.	\$639.	Cr., sales	\$639.
Inv.	1026.	Dr., cost	\$1565.40
Total	<u>\$1665.</u>	Less inv.	<u>1026.</u>
Dr.	1565.40	Cost of sales	539.40
Gain	<u>\$99.60</u>	Gain	<u>\$99.60</u>

In the work of this text the first form will be used. Note the working out of this result in the model statement, page 4.

Refer to the *Expense* account. What was the expenditure to carry on the business for the month? This is a loss. Why?

If the gain on merchandise is $\$99.60$ and the loss on expense is $\$50$, what is the *net gain*, that is, the excess of the gain over the loss?

Find the *net gain* in each of the following, and make a written statement according to the model, page 4.

1. Merchandise account: debit, $\$655.20$; credit, $\$503.50$; inventory, $\$254.25$. Expense account: debit, $\$55$.

2. Merchandise account: goods bought, \$732.50; goods sold, \$525; goods on hand, \$310. Expense account: debit, \$45.

3. Merchandise account: debit, \$1235.25; credit, \$894.75; inventory, \$521.50. Expense account: debit, \$75.

4. Merchandise account: goods bought, \$1052.60; goods sold, \$825; goods on hand, \$410.15. Expense account: debit, \$60.

EXERCISE 24

FOR ORAL AND WRITTEN WORK

CLASSIFICATION OF ACCOUNTS

In working out this exercise refer to the model ledger and the trial balance on pages 3 and 4.

Refer to the *Cash* account in the trial balance. What is the total cash received? the total paid out? the balance on hand? Is this balance a resource (property on hand) or a liability (amount owed)?

What is the condition of D. Simons's account? Does he owe the business, or does the business owe him? Is the balance a resource or a liability?

If he owes the business, the amount owed is a resource.

What is the condition of O. Lane's account? Does the business owe him, or does he owe the business? Is the balance a liability or a resource?

If the business owes him, the amount is a liability.

Is the merchandise on hand (inventory) a resource or a liability?

For the present, treat *all* inventories as resource items.

The difference between the *resources* and the *liabilities* is the *capital*, or the *present worth*.

In the Proprietor's account, *James Wilson*, what is the total investment? the total withdrawal? the net investment (the balance of the Proprietor's account)?

If James Wilson's net investment is \$2000 and the business has gained for him \$49.60 above all losses, what is he worth on January 31?

In the above exercises it is clear that each open account (an account that does not balance) has a positive bearing on the *condition of the business*, and if these results are properly classified, both what has been accomplished by the business and the present state of affairs may be determined.

In business, these results are usually set forth at stated periods, either once or twice a year.

EXERCISE 25

TERMS DEFINED AND EXPLAINED

Books are kept for the purpose of determining the results and the condition of the business.

The **Results** are shown by the gains realized or the losses sustained.

A formal statement of *losses* and *gains* is usually called a **Business Statement**.

The **Condition** is shown by the resources and the liabilities.

A formal statement of *resources* and *liabilities* is usually called a **Financial Statement**.

The **Net Gain** is the excess of gains over losses.

The **Net Loss** is the excess of losses over gains.

Resources or **Assets** are property belonging to the business, or amounts due the business.

Liabilities are amounts owed by the business.

The **Present Worth** or **Capital** is the excess of resources over liabilities; the excess of liabilities over resources is **Insolvency**.

In all loss and gain accounts:

If the credit, including the inventory, is the larger, the account shows a gain.

If the debit, including the inventory, is the larger, the account shows a loss.

Gains are realized:

If resources increase and liabilities remain unchanged.

If liabilities decrease and resources remain unchanged.

If resources increase and liabilities decrease.

Losses are sustained:

If liabilities increase and resources remain unchanged.

If resources decrease and liabilities remain unchanged.

If liabilities increase and resources decrease.

In personal accounts:

If the debit is the larger, the account shows a resource.

If the credit is the larger, the account shows a liability.

If a personal account is given up as not collectible, it then shows a loss.

In the introductory part of the text all inventories are resources.

A trial balance is a copy of the ledger, only in a more convenient form.

The bookkeeping thus far explained is in double-entry form, and the cardinal principle of double-entry bookkeeping is **Equal Debits** and **Equal Credits**.



EXERCISE 26**A WRITTEN REVIEW**

Herewith are a number of trial balances from which statements of conditions are to be made, using loose sheets of journal paper.

As an oral exercise, it may be first determined which accounts show *resources* or *liabilities, losses* or *gains*.

NOTE. Unless otherwise instructed, use the form of statement given on page 4.

Then make the statements, as follows:

1. Copy the trial balance at the head of the journal page.
2. The **Loss and Gain Statement**, showing the *net gain*.
3. The **Resource and Liability Statement**, showing the *present worth*.
4. The *proof* or *verification* of the statements.

Date each statement Jan. 31, 19—.

Pass all work to the instructor for approval.

No. 1			No. 2		
<i>Student</i>	\$200	\$2200	<i>Student</i>	\$100	\$1900
Cash	1685	750	Cash	1755	1325
Mdse.	2470	1873	Expense	85	
Expense	75		Mdse.	2250	1935
F. Gross	310	100	C. Mason	325	
M. King	342	250	D. Roe		235
J. Howe	219	452	S. Miller	485	110
F. Young	524	200	E. Lane	505	
	<u>\$5825</u>	<u>\$5825</u>		<u>\$5505</u>	<u>\$5505</u>
<i>Inventory :</i>			<i>Inventory :</i>		
Merchandise		\$725	Merchandise		\$475.25

No. 3			No. 4		
<i>Student</i>	\$200	\$2500	<i>Student</i>	\$100	\$1700
Cash	1680	844	Cash	1425	610
Mdse.	2640	1850	Expense	65	
Expense	75		Mdse.	1820	1260
A. Ward	300	800	A. Crane	380	120
E. Dunn	420	120	S. Adams	100	400
L. Jones	360	60	C. Lyman	450	130
M. Martin	800	100	D. Owen	200	500
B. Lewis	299	500	H. Howe	180	
	<u>\$6774</u>	<u>\$6774</u>		<u>\$4720</u>	<u>\$4720</u>
<i>Inventory :</i>			<i>Inventory :</i>		
Merchandise		\$921.40	Merchandise		\$742.50

EXERCISE 27

FOR WRITTEN WORK

In this exercise use the trial balances the student has made in Sets A, B, and C. Follow the directions given in Exercise 26.

This work should be done without reference to the textbook.

After each statement is approved by the instructor, keep all work for a subsequent exercise.

Make statements from the following trial balances; the inventories will be found in the textbook at the close of each set:

1. Exercise 9, Set A.
2. Exercise 21, Set B.
3. Exercise 22, Set C.

THE EXPENSE INVENTORY

The Expense inventory is made up of items which when bought were charged to *Expense*; the unused portion, at the time of making the statements, constitutes the *inventory*.

Illustration: If 10 T. coal were bought at the beginning of the month, and 4 T. were unconsumed at the end of the month, the 4 T. would constitute the inventory.

When there is an expense inventory, the *loss* on Expense is found as follows:

Expense:

Dr.	\$65.50	
Inv.	<u>15.50</u>	
Loss		\$50

The *loss* is the *difference* between the debit of the account and the inventory.

In making the resource and liability statement, record the expense inventory as a *resource*, just the same as the merchandise inventory. In the loss and gain statement, subtract the inventory from the debit of expense, as shown in the above illustration.

It is unusual for the *Expense* account to have any credits. If some item that was debited to expense when bought should be sold, then expense would be credited.

If a man bought a safe for \$60, his entry would be: *Expense*, \$60, *Cash*, \$60; if he sold it for \$50, his entry would be: *Cash*, \$50, *Expense*, \$50. After posting these entries, there will be both a debit and a credit item in the ledger account of *Expense*.

EXERCISE 28**FOR WRITTEN WORK**

The results and the condition of the business in Sets A, B, and C have been shown by the statements just made. The next step is to show the results of the business in the ledger. To do this it will be necessary to close the **Loss and Gain Accounts** in the ledger.

To close the ledger it is necessary to close only such accounts as affect the *results* shown by the business; that is, the accounts that show loss or gain and the Proprietor's account.

Preparatory to closing the ledger the student should have some exercises in ruling.

The ruling of the following ledger page is the same as the ruling required in closing a ledger account. Practice this ruling until it is done well. Use red ink for this exercise.

Notice that the single line extends over only the *dollars and cents columns*, while the double lines cover *all* the perpendicular columns, the *explanatory* column excepted.

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Ledger Closed

L. E. Brown, Prop.

Jan. 25		2	100	Jan. 1		1	3000
31		3	52	31	Net Gain	26	424 06
31	Pres. Worth	1	3274 06				
			3424 06				3424 06
				Feb. 1	Pres. Worth		3274 06

Merchandise

Jan. 1		1	936 21	Jan. 3		2	800
4		2	380 42	16		3	431 18
14		3	216 39	24		5	323 11
22		5	743 12	30		8	662 11
29		7	250 11	31	Inventory		850 31
31	Loss & Gain	26	490 46				
			3016 60				3016 60
Feb. 1	Inventory		850 31				

Expense

Jan. 1		1	50	Jan. 31	Inventory		25
4		3	22	31	Loss & Gain	26	66 40
17		6	19 40				
			91 40				91 40
Feb. 1	Inventory		25				

Loss and Gain

Jan. 31	Expense	7	66 40	Jan. 31	Merch.	7	490 46
31	Net Gain	1	424 06				
			490 46				490 46

2. Find the difference between the sides of the account, the inventory included. This difference is the *gain*.

3. Enter the gain on the *debit* side, in red ink, under Loss and Gain.

4. Rule and foot the account; write the footings in black ink.

5. Bring the inventory below the rulings, on the *debit* side, in black ink, under Feb. 1.

6. Transfer the gain to the *credit* side of the *Loss and Gain* account, in black ink, under Jan. 31.

The principle of equal debits and equal credits must be rigidly enforced; therefore the entries in *red ink*, as the inventory and the gain, must be transferred to the opposite side of the ledger. This was accomplished as directed in 5 and 6.

To close the *Expense* account:

1. Enter the inventory on the *credit* side, in red ink.

2. Find the difference between the sides of the account, the inventory included. This difference is the *loss*.

3. Enter the loss on the *credit* side, in red ink, under Loss and Gain.

4. Rule and foot the account.

5. Bring the inventory below the rulings, on the *debit* side, in black ink, under Feb. 1.

6. Transfer the loss to the *debit* side of the *Loss and Gain* account, in black ink, under Jan. 31.

If there is no inventory in this account, simply enter the debit footing as a *loss*. See illustration on page 5.

To close the *Loss and Gain* account:

1. Enter the difference between the sides of this account as net gain, on the *debit* side, in red ink.

2. Rule and foot the account.

3. Transfer the net gain to the *credit* side of the *Proprietor's* account.

To close the *Proprietor's* account:

1. The net gain has been entered on the *credit* side, in black ink, under Jan. 31.

2. Find the difference between the sides of the account, the net gain included. This difference is the *present worth*.

3. Enter the present worth on the *debit* side, in red ink, under Jan. 31.

4. Rule and foot the account.

5. Bring the present worth below the rulings, on the *credit* side, in black ink, under Feb. 1.

The student will now make an exact copy of the closed ledger on page 5. Use a half sheet of ledger paper.

III

Student, PROPRIETOR

						19— Mar.	1			1	1850	
--	--	--	--	--	--	-------------	---	--	--	---	------	--

MERCHANDISE

19— Mar.	3		1	525	60	19— Mar.	8		2	385	25
	15		2	326	70		17		2	250	
	22		3	516	10		25		3	457	80
	26		4	110			30		4	225	35

EXPENSE

19— Mar.	5		1	55	20						
	16		2	30							
	20		2	10	25						

Inventories :

Merchandise	\$510.50
Expense	42.50

Open a *Loss and Gain* account ; close the ledger.

EXERCISE 32

FOR WRITTEN WORK

The ledgers which the student posted and kept will now be used for this exercise. After closing each ledger keep it for a subsequent exercise.

In each ledger open a *Loss and Gain* account, immediately following the last account on the page. Use the inventories given in the text.

1. Set A. Close the ledger. Compare the results with those shown in the statement of this set.

2. Set B. Close the ledger. Compare the results with those shown in the statement of this set.

3. Set C. Close the ledger. Compare the results with those shown in the statement of this set.

After closing the above-named ledgers, close the *Cash* account in each by balance, according to the following model:

Cash

19--				19--			
Jan	1	1	1250 10	Jan	1	1	350 25
	4	1	950 64		3	1	703 84
	7	1	240 69		4	1	133 50
	9	1	175 40		7	1	910 03
	10	1	100 50		9	1	189 56
	11	1	309 24		14	1	120 40
	26	1	530 53		31	Balance	1565 26
	30	1	415 74				
			3972 84				3972 84
Feb.	1	Balance	1565 26				

Closing an account by *balance* has nothing whatever to do with closing the ledger.

After closing the above account the condition of it is shown as a single item, the balance.

It is sometimes a great convenience to close an account by balance when it covers a large part of the ledger page, even before it is necessary to transfer the balance to a new space.

Any account may be closed by *balance* when the space assigned to it is filled and it is necessary to transfer it to a new space.

It is often desirable to close any account when it balances; this form of closing is shown on page 24.

Red ink is used commonly for rulings of all kinds, for closing entries in the ledger, and for records that require emphasis. In closing, the ledger entries to be *transferred* to some other place are usually written in red ink, and entries that have been *transferred from* some other source are always written in black ink. The transfer is necessary to preserve the balance or equality of the ledger.

The use of red ink is largely a matter of custom. Many bookkeepers use no red ink at all, insisting that it is a waste of time to change from one color to another. The use of red ink is advised for exercises in this book.

EXERCISE 33

SET D. HARDWARE

Journalize the following transactions, post, take a trial balance, make the two statements, close the ledger; close the *Cash* account by balance, and then take a second trial balance.

Write on loose sheets of journal paper and ledger paper.

If the student is able to do this work without assistance, he is ready for subsequent work; if not, he should rewrite one or more of the preceding sets.

MEMORANDA OF TRANSACTIONS

April 1. A. W. Tenny began the Hardware business, investing cash, \$3000.

3. Bought of E. M. Chase & Son, on account, their complete stock of hardware, which inventories at \$2500.

5. Sold A. S. Osborn for cash:

5 doz. Coal Hods at \$7.50

10 doz. Hammers at \$6

8. Sold A. L. Sanford on account:

12 doz. Door Knobs at 75¢

5 doz. Lanterns at \$6

20 doz. Planes at \$24

10. Paid A. W. Bates cash, for rent of the store for 1 mo., \$60.

12. Paid Wetmore & Son cash, for office books, per bill, \$22.50.

15. Paid A. H. Robbins cash, for office safe, \$65.

18. Received of A. L. Sanford cash, to apply on account, \$125.

19. Sold W. L. Hunter on account:

5 doz. Coal Hods at \$8

6 doz. Door Knobs at \$1

15 doz. Hammers at \$6

10 Ice-cream Freezers at \$2.50

5 doz. Lanterns at \$6

20. Paid E. M. Chase & Son cash, to apply on account, \$1000.

23. Received of W. L. Hunter cash, to apply on account, \$150.

25. The Proprietor withdrew cash, for personal use, \$50.

27. Gave E. M. Chase & Son a note at 10 da., to apply on account, \$1000.

29. Received of A. L. Sanford his note at 10 da., to apply on account, \$300.

30. Paid E. M. Chase & Son cash, to apply on account, \$250.

30. Paid E. L. Harris, a clerk, cash for his salary, \$25.

INVENTORIES, APRIL 30, 19—

Merchandise	\$2035
Expense:	
Office Books and Stationery	\$15
Office Safe	<u>65</u> \$80

Allow ten lines for each account in the ledger.

In the resource and liability statement, bills receivable are *always a resource*, and bills payable, *always a liability*.

EXERCISE 34

CORRECTION OF ERRORS

The correction of errors in books of record is a matter of special importance. Even careful workers make occasional errors, but corrections can be made so that the neatness of the books and their legal value are not affected. When an error is made, consult the instructor before attempting to correct it. *Do not erase.*

If a journal entry is wrong, correct it as follows: Draw a *red* line through the wrong name, and then write the correct name either above or at the right of the correction, as follows:

Cash	Received check for	102	50	
E. May Bills Rec.	note due today			102 50

If a journal entry is reversed, it may be corrected by writing, in *red ink*, *Cr.* after the debit item and *Dr.* after the credit item. Then post correctly.

Cash— Cr.	Invoice of L.A.	176	20	
Mdse.— Dr.	Bond, #3			176 20

If it is found that a wrong amount has been entered in the ledger, correct as follows:

1. Rule a *red* line through the wrong amount.
2. Write the correct amount in black ink just above the amount canceled.

Cash

19--				19--							
Sept.	1		1	5000	-	Sept.	2		1	450	-
	5		1	750	-		9		1	580	-
										508	-

If an amount has been entered on the wrong side of the ledger, correct it as follows:

1. Draw a *red* line through the amount that is wrong.
2. Enter the correct amount in black ink on the proper side of the ledger.

Cash

19--				19--							
May	1		1	5000	-	May	2		1	450	-
	9		1	546	-		9		1	546	-

NOTE. Sometimes a correction may be made by a *counter entry* in the journal. To illustrate: Suppose one had made this entry, *Mdse.*, Dr., *Cash*, Cr., and it was a wrong entry. It may be canceled as follows: *Cash*, Dr., *Mdse.*, Cr. As the wrong entry is thus disposed of, the correct entry may now be made.

FORMS OF STATEMENTS

Business and financial statements are made in many different forms, depending on the character and the volume of the business, and the facts that are to be set forth.

In a business under the control of one proprietor, a very simple statement may answer every requirement. In a partnership, when a number of persons are interested, a more complete setting forth of the facts of the business is necessary. In a corporation, organized under the laws of the state or the nation, the statements must show the results and the condition according to the demands of the authority under which the corporation is organized. In cities where many departments require separate accounting, still another form of statement may be demanded to set forth the facts that public business requires to be made known.

On pages 4 and 40 simple statement forms are presented. The first is recommended for the beginner.

As the student advances in the work of this text he will become familiar with other forms of statements.

THE SIX-COLUMN STATEMENT

The following script model represents a form of statement which affords condensed information regarding the results and the condition of the business. The first two columns are the trial balance. The inventories are recorded in the proper columns, either resource or liability, in *red ink*, to distinguish them from other resources and liabilities. After recording the inventories, each account in the trial balance should be extended into the column where it belongs. The footings show the various column totals, and the summary at the bottom sets forth the net gain and the present worth.

Six-column Statement, Jan. 31, 19-

P.	NAME OF ACCOUNT	DEBIT	CREDIT	LOSS	GAIN	RESOURCES	LIABILITIES
1	E. C. Miller	140	3250				
1	Expense	42 75		42 75			
2	Cash	3427 18	1623 94			1803 24	
2	Mdse.	2978 17	1842 13		109 66	* 1245 70	
3	H. M. Dow	487 20	310			177 20	
3	L. S. Martin	562 74	943 22				380 48
3	Interest	10 43	7 30	3 13			
4	J. C. Bush	210				210	
4	V. M. Cary		345				345
5	Bills Receivable	1004	307 13			696 87	
5	Bills Payable	1000	1233 75				233 75
		9862 47	9862 47	45 88	109 66	4133 01	959 23
	E. C. M's Net Gain*			* 63 78			
				109 66	109 66		
	E. C. M's Net Credit		3110				
	" " Gain		63 78				
	" Pres. Worth						3173 78
						4133 01	4133 01

* To be written in red ink.

SET I. JANUARY

RETAIL FUEL AND FEED BUSINESS

The **Object** of this set is to illustrate in a practical manner one of the simplest forms of bookkeeping. In the preceding illustrative work the student has recorded all transactions and entries on loose sheets of journal paper and ledger paper, but now he is given a set of bound books.

The **Books** used are the journal, the ledger, and the statement book. No business forms are handled, but different forms are illustrated, and entries are made directly from them.

Directions and Suggestions. In working out this set the student should observe the following:

1. For the introductory memorandum, refer to the model journal on page 2. Follow this model carefully.

2. In this beginning work it is well for the student to journalize the transactions first on a loose sheet of journal paper; after correction, this work may be copied into the bound journal. The posting should be directly to the ledger.

3. **A. M. Benton** is represented as the proprietor.

4. Use the same explanatory forms as in the model journal.

5. The books should be paged consecutively, 1, 2, 3, etc.

6. Take pains in all writing; make neat, small figures.

Price List for January

ARTICLE	COST	SELLING PRICE
Grate Coal	\$6.10	\$7.25
Stove Coal	\$6.25	\$7.50
Nut Coal	\$6.20	\$7.50
Hay	\$10.50	\$14.50

MEMORANDA OF TRANSACTIONS

Jan. 1. A. M. Benton, Buffalo, N.Y., began the Retail Fuel and Feed business, investing cash, \$2750.

2. Paid E. N. Shaw cash, for rent of the store for 1 mo., \$30.

3. Bought office supplies as per bill on the following page:

<u>Buffalo, N. Y. Jan. 3, 19—</u>			
<u>M. & A. M. Benton</u>			
<u>26 Main St. City</u>			
To <u>E. L. Martin & Co.</u> Dr.			
Terms <u>Cash</u>			
		1000 Billheads	2 —
		1 qt. Writing Fluid	75
		Ledger 1/2; Journal 3/4	7 50
		Statement Book	1 —
			11 25
		Received payt.	
		E. L. Martin & Co.	
		per Dr.	

Debit *Expense* for the above bill.

A detailed statement of goods bought or sold is called either a *bill* or an *invoice*.

A detailed statement of goods bought to be used or consumed, or a statement of services rendered, is usually called a *bill*.

Thus, a physician's statement of services rendered, and the charges for the same, is called a *bill*; a statement of a quantity of silk bought or sold by a merchant is called either a *bill* or an *invoice*.

Jan. 4. Bought of Allen & Parker for cash:

50 T. Grate Coal	35 T. Nut Coal
40 T. Stove Coal	20 T. Hay

5. Sold John S. Adams for cash:

10 T. Grate Coal	5 T. Hay
------------------	----------

6. Sold A. M. Paterson on account:

15 T. Stove Coal	10 T. Nut Coal
------------------	----------------

8. Sold John S. King for cash:

5 T. Grate Coal	5 T. Hay
-----------------	----------

9. Sold Charles M. Gray on account:

10 T. Stove Coal	10 T. Hay
------------------	-----------

Jan. 11. Bought of Henry A. Stevens on account:

15 T. Stove Coal

15 T. Hay

12. Received cash as shown by the following check:

Buffalo, N. Y., Jan. 12, 19— No. *14*

Traders National Bank

Pay to the order of *A. M. Benton* ————— \$ *12.50*
One Hundred Twenty-five ⁰⁰/₁₀₀ ————— Dollars
A. M. Paterson

A Check is an order on a bank by a depositor for the payment of money.

13. Received the following note to apply on account:

\$ *110.00* *Buffalo, N. Y., Jan. 13, 19—*
 ————— *Ten days* ————— after date I promise to pay to
 the order of *A. M. Benton* —————
One Hundred Ten ⁰⁰/₁₀₀ ————— Dollars
 at *his office, without interest* —————
 Value received
 No. *10* Due *1/23* *Charles M. Gray*

15. Gave Henry A. Stevens a note at 10 da. to apply on account, \$150.

16. Bought of Johnson & Main for cash:

5 T. Nut Coal

17. The Proprietor withdrew cash for personal use, \$50.

18. Gave the Monroe Typewriter Exchange cash for the following:

1 Typewriter, \$50

1 Office Desk, \$25

Debit Expense for this bill.

19. Received of A. M. Paterson his check for the balance of the invoice sold him on Jan. 6, \$62.50.

20. Received of Charles M. Gray cash, to apply on account, \$75.

20. Sold James W. Traver on account:

20 T. Grate Coal

12 T. Nut Coal

Jan. 22. Bought of Lane & Son merchandise, as shown by the following invoice:

<u>Buffalo, N. Y., Jan. 22, 19—</u>					
<u>M. A. M. Benton</u>					
<u>26 Main St., City</u>					
To <u>Lane & Son</u>				Dr.	
Terms <u>On account</u>					
20	T. Hay	10 ⁰⁰	210	—	
10	T. Grate Coal	6 ⁰⁰	61	—	271 —

23. Received of Charles M. Gray cash for his note which is due to-day, \$110.

24. Received of James W. Traver his check, to apply on account, \$100.

25. Gave Henry A. Stevens cash for a note which fell due to-day, \$150.

26. Sold A. M. Paterson on account:

5 T. Hay

5 T. Grate Coal

27. Gave Henry A. Stevens cash, to apply on account, \$50.

29. Gave Lane & Son a note at 10 da., to apply on account, \$135.

31. Paid *Student* cash, for services to date, \$20.

Pass the journal sheet to the instructor for correction and criticism; then copy carefully into the bound journal.

Below the last journal entry copy the following, using the form given on page 6.

INVENTORIES, JANUARY 31, 19—

Merchandise:

20 T. Grate Coal	\$6.10	\$122.
30 T. Stove Coal	6.25	187.50
18 T. Nut Coal	6.20	111.60
30 T. Hay	10.50	315.
		<u>\$736.10</u>

The student should verify the merchandise inventory.

Expense :

Typewriter	\$50	
Office Desk	25	
Office Supplies	<u>5</u>	\$80

Posting. Open accounts in the ledger, three on each page, in the following order: Proprietor, Cash, Expense, Merchandise.

After posting, foot the accounts having more than one item, in pencil, making very small figures. Recheck the posting.

Take a trial balance of the ledger, omitting all accounts that balance; record it in Blank No. 1, on the page indicated by the index.

Make a Loss and Gain Statement.

Make a Resource and Liability Statement.

Make a *proof* or *verification* of statement.

Record the statements and proof in Blank No. 1, on the page indicated by the index.

Closing the Ledger. Open a *Loss and Gain* account; close the *Merchandise* and *Expense* accounts into the *Loss and Gain* account; close the *Loss and Gain* account into the *Proprietor's* account.

Balance the *Cash* account; take a trial balance.

Present all books to the instructor for approval.

EXERCISE 35

A WRITTEN REVIEW

The following review exercises are suggested.

a. Journalizing. Journalize orally or in writing each of the following transactions, and state the reason for each debit and each credit named.

1. You began business with the following investment: cash, \$1500; merchandise, \$1200.

When several resource items represent the proprietor's investment, each item is debited, under its appropriate name, and the proprietor is credited for the total of the resources.

The following is the correct entry for No. 1:

Cash	\$1500	
Merch.	1200	
Student		\$2700

Note the explanation of this entry on page 46.

This is a compound entry ; it may consist of any one of the following :

Several debits and one credit.

One debit and several credits.

Several debits and several credits.

2. Chas. E. Snyder began business with the following investment : cash, \$1000 ; John A. Wilder's note, \$950 ; merchandise, \$1325.

3. Wm. A. Russell began business with the following resources : cash, \$560 ; merchandise, \$1975 ; H. H. Redding's note, \$450 ; coal for use in store, on hand, \$35.

The following is the correct entry for No. 3 :

Cash	\$560	
Mdse.	1975	
Bills Rec.	450	
Expense	35	
Wm. A. Russell		\$3020

4. W. A. Lincoln began business with the following resources : cash, \$1750 ; account against Freeman & Co., \$350 ; merchandise, \$1275 ; John G. Reed's note, \$500.

5. You began business with the following resources : cash, \$1000 ; Geo. O. Overman's note, \$400 ; merchandise, \$1500 ; account against Prince & Lane, \$250.

6. Gave Geo. S. Ware your note at 60 da., to apply on account, \$325.

7. Gave H. M. Marshall your note at 30 da., with interest, to apply on account, \$450.

No entry is made for the interest until the note is paid.

8. Received of R. D. Record his note at 10 da., to apply on account, \$176.

9. Received of Lyman & Son their note at 30 da., with interest, to apply on account, \$275.

10. Received of Thomas & Co. cash for their note and interest ; face of the note, \$320 ; interest, \$16.

The above is journalized as follows :

Cash	\$336	
Bills Rec.		\$320
Interest		16

Interest is debited when it costs something ; it is credited when it produces something.

When the statement is made that we *pay interest*, we really mean that we *pay cash* for the interest.

11. Paid your note and interest in cash, in favor of W. D. Longman; face of the note, \$275; interest, \$12.

The above is journalized as follows:

Bills Pay.	\$275	
Interest	12	
Cash		\$287

12. Received of W. L. Clark cash, for his note due to-day, \$187.50.

13. Received of Frank Likly cash for his note and interest; face of the note, \$245; interest, \$11.

14. Paid your note and interest in favor of James A. Boyce, in cash; face of the note, \$160; interest, \$7.50.

15. Paid your note in favor of Geo. K. Johnson, in cash, \$300.

16. Received a check of H. A. Preston for his note, \$452.50.

17. Paid your note in favor of H. D. Bryan, in cash, \$275.

18. Received a check from A. S. Kemp for his note and interest; face of the note, \$150; interest, \$6.25.

19. Paid your note and interest in favor of A. R. Sharp, in cash; face of the note, \$200; interest, \$9.50.

20. Gave Robbins & Co. your note at 60 da., with interest, to apply on account, \$500.

b. Statements. Make the two statements and the verification from the following trial balances. Observe these directions:

The bills receivable are a *resource*. The bills payable are a *liability*.

Interest, as an open ledger account, is always a loss or a gain item; if the balance is a *debit*, the account shows a *loss*; if the balance is a *credit*, the account shows a *gain*.

Date each statement Feb. 28, 19—.

	No. 1	
<i>Student</i> , Prop.		\$5096.
Cash	\$2443.	
Merchandise	952.50	200.50
Expense	100.	
Interest	12.25	8.50
James & Co.	397.50	
Bills Receivable	500.20	
Henry S. Willis	1011.	
John K. Searle	61.40	
A. L. Gracey		101.35
Bills Payable		172.
W. W. Hays	100.50	
	<u>\$5578.35</u>	<u>\$5578.35</u>

Inventories:

Merchandise	\$994.50
Expense	76.50

Inventories :

Merchandise	\$275.20
Expense	22.50

Open a *Loss and Gain* account ; close the ledger.

II

JAMES R. TURNER, PROPRIETOR

19— Feb.	4		1	75		19— Feb.	1		1	2650	
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MERCHANDISE

19— Feb.	11		2	289	50	19— Feb.	13		2	609	20
	18		3	546	70		19		3	335	
	23		4	715	45		25		4	255	60
	27		5	100							

EXPENSE

19— Feb.	1		1	50							
	10		2	35							
	26		4	21	50						

INTEREST

19— Feb.	12		3	12	10	19— Feb.	19		5	5	
-------------	----	--	---	----	----	-------------	----	--	---	---	--

Inventories :

Merchandise	\$725.25
Expense	72.50

The model for closing the *Interest* account is on page 54.

Open a *Loss and Gain* account ; close the ledger.

REVIEW QUESTIONS

1. What is a business transaction? 2. In how many ways does a business transaction affect the business? 3. Define merchandise. 4. B, a dry-goods merchant, bought 3 T. coal for heating his store. Should this purchase be recorded under merchandise? Why? What is the name of the purchase to the merchant who sold it? 5. Define cash. 6. Define expense. 7. Who is a debtor? a creditor? 8. Define debit; credit. 9. What is an account? 10. Name the two sides of an account. 11. What are personal accounts? 12. Define a negotiable promissory note. 13. What is meant by journalizing? 14. Define bookkeeping. 15. What is the object of bookkeeping? 16. Name the two methods of bookkeeping. 17. What is the purpose of the journal? 18. What is posting? 19. What is the purpose of the ledger? 20. What is a trial balance? From what is it taken? 21. What facts are set forth in the trial balance? 22. What is an inventory, and how is it found? 23. When is merchandise debited? when credited? 24. When is expense debited? 25. When are personal accounts debited? when credited? 26. When are bills receivable debited? when credited? 27. When are bills payable debited? when credited? 28. What is a gain? a loss? 29. What are resources or assets? liabilities? 30. Define net gain; net loss. 31. Define capital; insolvency. 32. Name the two general classes of accounts. 33. Name the class to which each of the following accounts belong: cash; merchandise; personal accounts; expense; interest; discount; bills receivable; bills payable. 34. On which side of the ledger are losses found? gains? resources? liabilities? 35. What is the object of making business and financial statements? 36. What is meant by closing an account? 37. When are resource and liability accounts closed in business? loss and gain accounts? 38. Explain the process of closing a loss and gain account. 39. The accounts showing loss and gain are closed into what account? 40. The loss and gain account is closed into what account? 41. How is the proprietor's account closed when there is a net gain? when there is a net loss? 42. Which side of the cash account must always be the larger when there is any difference? of the bills receivable account? of the bills payable account? 43. What is an entry? 44. What is the difference between interest and discount? 45. When is interest or discount debited? when credited? 46. When does a personal account show a resource? a liability?

SET II. FEBRUARY

WHOLESALE CARPET BUSINESS

This set is separate from Set I, but the character of the work is similar. The books used are the same as in Set I.

Directions and Suggestions. Observe the following directions:

1. First journalize on a loose sheet of journal paper.
2. **James R. Denison** is represented as the proprietor.

Selling Price List for February

Axminster	Brussels	Ingrain	Linoleum	Oilcloth	Wilton
\$2.50	\$1.35	75¢	60¢	30¢	\$2.65

MEMORANDA OF TRANSACTIONS

Feb. 1. James R. Denison, Boston, Mass., began the Wholesale Carpet business with the following resources: cash, \$500; merchandise, \$2595.50; fixtures, \$200; coal, for heating the store, \$15; the note on page 52.

The following is the opening journal entry for this set:

February 1, 19-

<i>James R. Denison began the Wholesale Carpet Business with the following resources:</i>					
<i>Cash</i>	<i>On hand</i>	<i>500</i>	<i>—</i>		
<i>Merch.</i>	<i>In stock</i>	<i>2595</i>	<i>50</i>		
<i>Expense</i>	<i>Fixtures 200—Coal 15</i>	<i>215</i>	<i>—</i>		
<i>Bills Rec.</i>	<i>E. B. Jackson's note</i>	<i>300</i>	<i>—</i>		
<i>James R. Denison</i>	<i>Total resources</i>			<i>3610</i>	<i>50</i>

2. Paid Lee & Crane cash, for office books and stationery, \$8.
3. Paid George R. Daniels cash, for rent of the store for February, \$75.
4. Bought of W. B. Mason & Co., Philadelphia, on account, invoice of carpets amounting to \$572.50.
5. Bought of A. R. Prescott & Co., New York, on account, invoice of carpets amounting to \$612.95.

\$ 300 ⁰⁰	Boston, Mass., Feb. 1, 19—
Ten days after date I promise to pay to	
the order of	James R. Denison
Three Hundred ⁰⁰ / ₁₀₀	Dollars
at his office, with interest at 6%	
Value received	
No. 17 Due 2/11	Ernest B. Jackson

Feb. 6. Sold W. F. Pratt, Springfield, on account:

200 yd. Brussels 150 yd. Ingrain
100 yd. Axminster

6. Sold Jas. R. Holcomb, City, for cash:

100 yd. Oilcloth 40 yd. Axminster

9. Sold John W. King, City, on account:

40 yd. Oilcloth 16 yd. Linoleum
60 yd. Brussels

9. Sold M. F. Newbury, Providence, on account:

100 yd. Wilton 120 yd. Axminster

10. Remitted A. R. Prescott & Co. a note at 10 da., with interest at 6%, in full for the invoice of Feb. 5.

11. Received of Ernest B. Jackson cash for his note and interest due to-day; face of note, \$300; interest, 50¢; total, \$300.50.

12. Received of W. F. Pratt his note at 10 da., with interest at 6%, \$250, and the balance of the invoice of Feb. 6 in cash.

13. Sold Geo. S. Rollins, City, for cash:

100 yd. Brussels 100 yd. Linoleum

15. Bought of A. R. Prescott & Co., New York, on account, invoice of carpets amounting to \$172.50.

16. Sold W. F. Pratt, Springfield, on account:

40 yd. Ingrain 65 yd. Brussels
100 yd. Axminster

16. The Proprietor appropriated for his own use:

1 Rug 14' × 18', \$40 1 Rug 16' × 20', \$85

20. The First National Bank presented for payment the note in favor of A. R. Prescott & Co., due to-day. Paid the note and interest in cash; face of the note, \$612.95; interest, \$1.02; total, \$613.97.

Feb. 20. Sold John A. Newton, City, for cash:

70 yd. Wilton

22. Received of W. F. Pratt cash for his note and interest due to-day; face of the note, \$250; interest, 42¢; total, \$250.42.

22. Bought of C. W. Allen & Co., City, for cash, an invoice of carpets amounting to \$410.50.

23. Received the following check, to apply on account:

<i>Boston, Mass. Feb. 23, 19 — No. 16</i>	
Traders National Bank	
Pay to the order of <i>James R. Denison</i>	<i>\$300⁰⁰</i>
<i>Three Hundred ⁰⁰/₁₀₀</i>	Dollars
<i>M. F. Newbury</i>	

Under what name is this check entered?

As checks are used so commonly in business, a careful study of this form is commended.

25. Sold John W. King, City, the following (received cash, \$65; balance on account):

50 yd. Ingrain

40 yd. Axminster

Make the following entry for this sale: Debit *King* and credit *Mdse.* for the whole bill; then debit *Cash* and credit *King* for the money received. Date each entry Feb. 25.

26. Received of John W. King his note at 30 da., with interest at 6%, for the amount of the invoice of Feb. 9.

26. Remitted W. B. Mason & Co. a note at 30 da., with interest at 6%, in full for the invoice of Feb. 4.

27. Sold Lewis & Parsons, City, for cash:

200 yd. Ingrain

50 yd. Linoleum

100 yd. Oilcloth

27. Paid *Student* for services to date, \$40; paid A. M. Olcott for services to date, \$30.

Pass the journal sheet to the instructor for approval; then copy into the regular journal, beginning on the page indicated by the index for Set II, in Blank No. 1.

Below the last journal entry copy the following:

INVENTORIES, FEBRUARY 28, 19—

Merchandise:

Per schedule prepared by Denison \$2214.92

Expense:

Fixtures on hand \$195.

Posting. Open accounts in your ledger, three on each page, in the same order as in Set I, beginning on the first full blank page.

Foot the accounts in pencil; recheck the posting.

Take a trial balance, omitting all accounts that balance; after approval, record it in Blank No. 1, on the page indicated by the index.

Make the usual statements, and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

Closing the Ledger. Open a *Loss and Gain* account; close the following accounts into it: *Merchandise*, *Expense*, *Interest*.

The model for closing the *Interest* account is given on this page.

Close the *Loss and Gain* account into the *Proprietor's* account.

Close the *Cash* account by balance.

Take a trial balance.

Present all books to the instructor for approval.

Model for closing Interest

Interest

Feb. 6		4	775	Feb. 6		3	240
				23		4	325
				27	Loss & Gain	6	210
			775				775

EXERCISE 36

A WRITTEN REVIEW

The following review exercises are suggested:

a. **Statements.** Make the two statements and the verification from the following trial balances.

Date each statement March 31, 19—.

55

<i>Student, Prop.</i>	\$100.	\$2450.
Expense	120.	
Cash	1876.25	1214.50
Merchandise	3354.75	1827.40
Chas. J. Hardy	365.	
Interest	8.35	13.75
Frederic & Co.		286.50
Martin & Son	235.20	
Geo. L. Grace		67.40
Bills Payable		325.
Bills Receivable	125.	
	<u>\$6184.55</u>	<u>\$6184.55</u>

Merchandise	\$1926.50
Expense	77.50

George S. Mitchell, Prop.	\$100.	\$3400.
Expense	155.	
Merchandise	3875.50	2300.60
Cash	2364.35	
John F. Henry	308.20	
Maurice & Co.		215.50
James F. Hawkins	127.75	
Wm. H. Reeder		87.90
Interest	15.65	11.
Bills Payable		611.45
H. H. Wyatt		320.
	<u>\$6946.45</u>	<u>\$6946.45</u>

Merchandise	\$1729.55
Expense	102.50

I

19— Mar.	11		1	150		19— Mar.	1		1	2650	
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MERCHANDISE

19— Mar.						19— Mar.					
3		1	352	55		8		1	560	25	
12		2	250	50		15		2	337	50	
19		3	425			23		4	211	20	
27		5	516								

EXPENSE

19— Mar.											
2		2	42								
11		3	35								
30		5	18								

INTEREST

19— Mar.						19— Mar.					
13		5	5	60		18		6	7	80	
20		6	8	20		23		6	4	10	

Inventories :

Merchandise

\$625.75

Expense

45.

Open a *Loss and Gain* account; close the ledger.

II

JAMES S. CONE, PROPRIETOR

19— Apr.						19— Apr.					
8		2	75			1		1	3250		

MERCHANDISE

19— Apr.						19— Apr.					
3		1	1256	20		8		1	986	40	
10		2	835	70		12		3	632	70	
16		2	255	75		19		3	587	50	
25		4	490	50							

EXPENSE

19— Apr.	4		1	75	50						
	10		3	15	25						
	29		4	10	40						

INTEREST

19— Apr.	11		5	11	75	19— Apr.	17		4	9	90
	14		6	5	25		24		5	15	25
	22		7	3	40						

Inventories :

Merchandise	\$1070.80
Expense	62.50

Open a *Loss and Gain* account; close the ledger.

c. Journalizing. Journalize orally or in writing each of the following transactions and state the reason for each debit and each credit named.

1. You began business by investing cash, \$1250; merchandise, \$800; real estate, \$1750.

Real Estate includes all land, and whatever legally belongs to the land.

2. James R. Durham began business with the following resources: merchandise, \$975; cash, \$850; account against George H. Sand, \$250; Jas. L. Perrin's note, \$550; real estate, \$750.

3. Thos. Hardy gave you his note at 60 da., with interest, to apply on account, \$400.

4. You gave A. H. Wheeler your note at 30 da., with interest, to apply on account, \$300.

5. Bought merchandise of Lane & Gross amounting to \$650. Gave them cash for one half the invoice; balance on account.

6. Sold James R. Mann merchandise amounting to \$750. Received his check for one half the invoice; balance on account.

6. Paid your note in favor of Harry F. Meekins, in cash, \$350.

8. Received a check from Thomas Harlan for his note due to-day, \$100.

9. You gave Larned & Co. cash for your note and interest due to-day; face of the note, \$235; interest, \$10.50.

10. Received a check from J. A. Markham for his note and interest due to-day; face of the note, \$425; interest, \$21.

11. You withdrew from the business for personal use cash, \$100.
12. Borrowed of T. K. Jones cash, \$150, and gave him your note at 30 da.
13. Loaned A. H. Decker cash, \$200, and received his note at 60 da.

LABOR-SAVING DEVICES: DIFFERENT BOOKS USED

It has been seen that all the transactions of a business may be recorded in a book called the *journal*. In business it is more convenient, simple, and effective to classify transactions as they occur; this is accomplished by using the following books:

The **Cashbook** contains a record of all receipts and all disbursements of cash. It is the *cash account* of the business, and when it is used no account with cash need be kept in the ledger. The left-hand page contains a record of all the cash debits (receipts), together with the names of the accounts to be *credited*, and a brief explanatory statement. The right-hand page contains a record of all the cash credits (payments), together with the names of the accounts to be debited, and a brief explanatory statement. The difference between the two sides of the cashbook should show the amount, *balance*, of cash on hand.

The **Sales Book** contains a record of all sales on account, and usually of all cash sales, except small retail sales for which no bills are rendered. The records consist of the names and the addresses of the purchasers, the terms, the items, the prices, and the amounts of the goods sold. At regular intervals the book is footed and closed.

The **Purchase Book** contains, usually, an abstract of all bills of merchandise bought. At regular intervals the book is footed and closed.

When the *cashbook*, the *sales book*, and the *purchase book* are used, only such transactions as do not affect these books are entered in the journal.

As a preliminary drill it will be found helpful to journalize on the blackboard each cash transaction and beside it make the cashbook entry. The same plan may be followed for both purchases and sales.

EXERCISE 37

SET E (MODEL SET). FLOUR AND GRAIN

On pages 63 to 67 is a complete model set, in script, in which the journal, the cashbook, the sales book, the purchase book, and the ledger have been used. This set was written from the following memoranda of transactions, but different prices were used in some instances.

Directions and Suggestions. Write the set from the memoranda of transactions following; be guided by frequent reference to the *model script set*.

1. Use a double sheet of journal paper, four pages, and a sheet of ledger paper, two pages.

2. On the upper half of page 1 of the journal sheet write the *journal*, and on the lower half the *purchase book*; on pages 2 and 3, the *cashbook*; on page 4, the *sales book*. On the portion of pages 2 and 3, below the cashbook, write the trial balance, the statements and the verification.

3. This set is *not* to be recorded in the bound books.

4. The entries will be the same as in the script model, but the amounts will differ in some transactions.

5. **A. B. Coates** is represented as the proprietor.

MEMORANDA OF TRANSACTIONS

March 1. A. B. Coates, Chicago, Ill., began the Grain and Produce business, investing cash, \$1500.

Make a memorandum in the *journal*; enter the cash received by the business in the *cashbook*.

1. Paid G. H. Irving cash for rent of the store for 1 mo., \$65.

1. Paid E. M. Snow cash for stationery, \$6.

2. Bought of F. E. Rogers & Co., Peoria, on account, 30 da.:

500 bbl. Flour at \$4

3. Bought of L. O. White & Co., City, for cash:

750 bu. Wheat at 61¢

Enter in the *purchase book*, placing a check mark (✓) in the folio (page) column against the name of the firm; enter the cash paid on the right side of the cashbook and place a check mark in the folio column against the name of the firm. Neither entry need be posted.

If the ledger is designed to show just how much business is done with each firm of whom we buy or to whom we sell, then the items should not be checked, but postings should be made from both the purchase book and the cashbook.

When the check mark is used, as above, it means *do not post*.

Until otherwise instructed, all purchases for cash will be entered in the purchase book and the cashbook, and checked; all sales for cash will be entered in the sales book and the cashbook, and checked; neither will be posted to the ledger.

5. Sold D. E. French, Joliet, on account, 20 da.:

300 bbl. Flour at \$4.75

150 bu. Wheat at 89¢

March 9. Bought of F. E. Rogers & Co., Peoria, on account, 30 da.:

1000 bu. Oats at 39¢

10. Sold P. Q. Reed, City, on account, 20 da.:

200 bu. Wheat at 89¢

11. Sold J. K. Loveless, City, for cash less 2%:

100 bbl. Flour at \$4.85

200 bu. Oats at 50¢

Enter in the sales book and *check*; then enter in the cashbook and *check*.

Unless otherwise instructed, all cash purchases and all cash sales will be entered as already described.

15. Sold D. E. French, Joliet, on account, 20 da.:

500 bu. Oats at 55¢

200 bu. Wheat at 89¢

20. Sold C. A. Wesp, City, for cash less 2%:

100 bbl. Flour at \$4.95

300 bu. Oats at 53¢

23. Bought of M. N. Olson, City, on account, 3 da.:

1500 bu. Wheat at 63¢

25. Received of D. E. French his check in full for the invoice of March 5, \$1558.50.

A check is regarded as cash; record the amount on the left side of the cashbook.

26. Gave M. N. Olson cash in full for the invoice of March 23.

27. Remitted F. E. Rogers & Co., a note at 10 da., with interest in full for the invoice of March 2.

30. Received cash of P. Q. Reed in full for the invoice of March 10.

31. Paid the bookkeeper, H. C. Ray, his monthly salary in cash, \$40.

Balance the cashbook; follow the model script form.

Make the closing entry in the purchase book.

Make the closing entry in the sales book.

Post all the books to the ledger; allow ten lines for each account, as follows:

1. Post the journal in the usual way, writing *J* in the explanation column of the ledger to indicate the book from which it was posted.

2. Post the cashbook. The amounts on the debit (left) side should be posted to the credit of the ledger accounts named. The amounts on the credit (right) side should be posted to the debit of the ledger accounts named. Write *C* in the explanation column of the ledger. Write the page of the ledger in the folio column of the cashbook. Checked items must not be posted.

3. Post the sales book. Debit each personal account that is not already checked, and credit *merchandise* for the total sales, the footing. Write *S* for sales book in the explanation column of the ledger. Write the ledger page in the folio column of the sales book.

4. Post the purchase book. Credit each personal account that is not already checked, and debit *merchandise* for the total purchases, the footing. Write *P* for purchase book in the explanation column of the ledger. Write the ledger page in the folio column of the purchase book.

Recheck the posting; foot the ledger accounts.

Take a trial balance.

Remember that the balance of the cash in the cashbook must be carried to the trial balance, on the debit side.

Have the trial balance approved.

Pass all work to the instructor.

NOTE. If an additional exercise is required, use Exercise 22, Set C.

EXERCISE 38

SET F. COAL AND WOOD BUSINESS

Directions and Suggestions. This set is designed to give further drill in the use of the cashbook, the sales book, the purchase book, the journal, and the ledger.

1. Use loose sheets of journal paper and ledger paper.
2. This set is not to be recorded in the bound books.
3. Follow the directions given in the model script set.
4. *Student* is represented as the proprietor.

MEMORANDA OF TRANSACTIONS

April 1. Begin a Coal and Wood business, investing cash, \$1750.

2. Rent a coal and wood depot of C. M. Estes, 17 Warren Street; give him a check for one month's rent, \$75.

3. Buy of M. L. Travers for cash:

2 Work Horses, \$130 each	1 Delivery Wagon, \$100
1 set Double Harness, \$35	1 Osgood Scales, \$200

Debit *Expense* for the above items.

4. Buy of C. F. Osborn & Co., City, on account, 10 da.:

100 T. Egg Coal at \$6	100 T. Grate Coal at \$6.10
------------------------	-----------------------------

April 6. Buy of Stevens & Co., Pittsburgh, on account, 10 da.:

100 T. Stove Coal at \$6.25 100 T. Nut Coal at \$6.20
100 T. West Virginia Coke at \$5

8. Buy of C. L. Smith, City, for cash:

10 cd. Maple Wood at \$3.50 10 cd. Pine Wood at \$4.50
10 cd. Body Hickory Wood at \$5.50

9. Sell George H. Marshall, Homeville, on account:

50 T. Stove Coal at \$7.50 50 T. Grate Coal at \$7.25

11. Sell Gaylord & Son, City Point, on account:

50 T. West Virginia Coke at \$6 50 T. Nut Coal at \$7.50

12. Sell G. A. Collier, City, for cash less 2%:

50 T. Stove Coal at \$7.50 10 cd. Maple Wood at \$4.50
10 cd. Body Hickory Wood at \$6.50

15. Pay C. F. Osborn & Co. cash, to apply on account, \$500.

16. Receive of Gaylord & Son cash, to apply on account, \$250.

17. Give Stevens & Co. a note at 30 da. with interest, to apply on account, \$1000.

18. Withdraw cash for personal use, \$100.

20. Receive of Gaylord & Son their check to balance account, \$425.

25. Receive of George H. Marshall cash, to apply on account, \$350.

27. Sell G. A. Collier, City, for cash less 2%:

10 cd. Pine Wood at \$5.50 50 T. Grate Coal at \$7.25

29. Pay Mary L. Pierce, the bookkeeper, her monthly salary in cash, \$30; pay James Torrey, the teamster, his monthly salary, \$30; E. L. Higgins for care of the horses, \$16.50.

Debit *Expense* for the above items.

30. Make an additional investment in cash, \$750.

INVENTORIES, APRIL 30, 19—

Merchandise:

50 T. Nut Coal at \$6.50
100 T. Egg Coal at \$6
50 T. West Virginia Coke at \$4.75

Expense:

Horses, Wagons, and Harness at 1% below cost, \$391.05
Osgood Scales at 1% below cost, \$198

Set E. Journal

March 1, 19-

		A. B. Coates began a Produce Business this day at 728 Market St., in- vesting cash \$1500--				
		²⁷ F. E. Rogers & Co. Remitted them	2000	—		
		Bills Pay. a 10-da. note with interest in full for in- voice of March			2000	—

Set E. Purchase Book

Mar 2	1	F. E. Rogers & Co. Peoria 30-da.	2000	—		
3	✓	L. O. White & Co. City Cash	457	50		
9	1	F. E. Rogers & Co. Peoria 30-da.	390	—		
23	1	M. N. Olson City 3-da.	915	—		
					3762	50
31	1	Madse. Dr.			3762	50

Set E

Cash Received

Mar. 1	A. B. Coates	Investment	1500	—		
11	J. K. Loveless	Invoice S. B.	575	26		
20	C. A. Wesp	Invoice S. B.	636	02		
25	D. E. French	Invoice Mar. 5	1558	50		
30	P. L. Reed	Invoice Mar. 10	174	—	4443	78
					4443	78
Apr. 1	Balance	On hand			2960	28

Set E

March 5, 19—

1	D. E. French	Joliet				
	20 da.					
	300 bbl. Flour	4 ²⁵	1425	—		
	150 bu. Wheat	.89	133	50	1558	50
	10					
1	P. L. Reed	City				
	On account					
	200 bu. Wheat	.87			174	—
	11					
✓	J. K. Loveless	City				
	Cash, less 2%					
	100 bbl. Flour	4 ⁸⁵	485	—		
	200 bu. Oats	.51	102	—		
			587	—		
	Less 2%		11	74	575	26
	15					
1	D. E. French	Joliet				
	20 da.					
	500 bu. Oats	.55	275	—		
	200 " Wheat	.87	174	—	449	—
	Forward				2756	76

Cashbook

Cash Paid

Mar. 1	Expense	Store rent, Mar.	65	-		
1	Expense	E. M. Snow, stationery	6	-		
3	✓ L. O. White & Co	Invoice P. B.	457	50		
26	M. N. Olson	Invoice Mar. 23	915	-		
31	Expense	Bookkeeper's salary	40	-	1483	50
31	Balance *	On hand			2960	28
					4443	78

* This line to be written in red ink.

Sales Book

March 15, 19-

Forward				2756	76
20					
✓ C. A. Wesp	City				
Cash, less 2%					
100 bbl. Flour	4.00	490	-		
300 bu. Oats	.53	159	-		
		649	-		
Less 2%		1298		636	02
31					
✓ Mdse. Cr.				3392	78
Trial Balance, Mar. 31, 19-					
A. B. Coates				1500	-
F. E. Rogers & Co.				390	-
Bills Pay.				2000	-
D. E. French		449	-		
Expense		111	-		
Mdse.		369	72		
Cash		2960	28		
		3890	-	3890	-

M. N. Olson

<i>Mar. 26 C.</i>						<i>Mar. 23 P.</i>					
			3	915	-				1	915	-

Merchandise

<i>Mar. 31 P.</i>						<i>Mar. 31 L.</i>					
			1	3762	50				2	3392	78

Close all the books.

Post to the ledger; allow ten lines for each account.

Take a trial balance. Make the statements and the verification.

Close the ledger; take a trial balance.

Pass all work to the instructor.

INTRODUCTION TO BUSINESS PRACTICE

THE BANK ACCOUNT

A **Bank**, primarily, is an institution chartered by the state or the national government, to deal in credits and to provide for the safe-keeping of money.

A **Commercial Bank** renders important and diversified services to business men, among which are the following:

1. It grants credit to business men who wish to borrow money.
2. It is a safe place to keep money, securities, and valuables.
3. It facilitates the payment of money by allowing deposits to be drawn out on an order called a *check*. It does away with the necessity of sending money from one place to another.
4. It is especially helpful to business men in making collections, such as notes, checks, and drafts.

A person opens an account with a commercial bank by being identified if he is not known to the bank. After identification he writes his name in a *signature book* or on a *signature card*. He then makes out a deposit ticket for all items deposited, as cash, checks, etc. The bank furnishes deposit tickets and a check book, a book of blank checks and stubs, without charge.

The **Signature Card** gives such information as the bank may require concerning the depositor, but the most important is the depositor's signature. Any paper presented at the bank bearing the depositor's name admits of identification by reference to the signature card.

A plain, neat signature is most difficult to imitate. One should always write *his name in exactly the same form*.

The following shows a signature card properly filled out:

AUTHORIZED SIGNATURE OF	
<i>John E. M. Dermot</i>	
<hr/>	
For the HAMPDEN NATIONAL BANK of Westfield, Mass.	
<hr/>	
Address	<i>49 Elm St.</i>
Business	<i>Whip Manufacturer</i>
Date	<i>Sept. 14, 19—</i>

Deposit tickets are not uniform in arrangement. The following illustration shows how the items of a deposit may be classified for the convenience of the bank which receives them. The stars show the totals. The whole deposit is summarized at the bottom of the ticket.

These tickets are commonly made up on an adding machine; a duplicate copy may be made for the file of the depositor. The file of these duplicates is valuable for reference.

The deposit ticket and the items for deposit should be handed to the *receiving teller*, the official who generally receives all money and all deposits passed to the bank. He examines the deposit, and if everything is found to be correct, he enters it in a book called a **Pass Book**.

The pass book is returned to the depositor by the teller and serves as a receipt for the money deposited in the bank; it should always accompany a deposit. Under no circumstances should the depositor make an entry in his pass book.

DEPOSITED WITH
CONTINENTAL NATIONAL BANK
OF CHICAGO

FOR ACCOUNT OF

HORACE A. WELLMAN

September 19, 191

CHECKS ON OTHER CHICAGO BANKS			CHECKS ON THIS BANK			CHECKS AND DRAFTS ON OTHER TOWNS AND CITIES		
	Dollars	Cents		Dollars	Cents		Dollars	Cents
	25	32		16	20		7	18
	46	28		8	14		11	02
	103	00					36	24
	174	60	*	24	34	*	54	44
			TOTAL CHICAGO				174	60
			TOTAL ON THIS BANK				24	34
			" " OUTSIDE				54	44
			CURRENCY				160	00
			SILVER				30	70
			GOLD					
			GRAND TOTAL				444	08
			LESS EXCHANGE					30
							443	78

Herewith is given another form of a deposit ticket and a method of keeping a duplicate of it. On the ticket, in addition to the currency items, each check is listed by giving the name of the city on which it

Reverse Stub of the Check Book

19- Jan 7	Deposit:		
	Bills	90-	
	Silver	10 75	
	Checks:		
	A. C. Wood	420-	
	Elmer Lee	105-	
	D. C. Jones	1052 30	1678 55

is drawn, for the convenience of the bank which receives the deposit.

The reverse, or left, stub of the check book shows a duplicate of the deposit ticket, and each check is listed under the name of the maker, for the convenience of the depositor.

This form is convenient for recording a deposit of a limited number of items, but when a lengthy deposit ticket is made up, the plan given on page 69 is more convenient, as a large number of

items could not be recorded on the reverse stub of an ordinary check book.

When the depositor wishes to withdraw money from the bank, he writes an order called a Check.

A **Check Book** is a book of blank checks furnished to the depositor by the bank. It consists usually of two parts, the stubs and the checks. The stub contains a memorandum of the check and is valuable for reference after the check has been detached, and for comparison when the check is returned, canceled.

The illustration on page 71 shows one page of a check book, both the checks and the stubs having been filled out. The checks may be totaled and the amount carried forward to the top of the next page.

The proof of cash is necessary at stated times, and in proving cash the check book must be depended on to show the condition of the bank account.

By keeping a total of the checks drawn and a total of the deposits made, the balance shown by the check book may be readily ascertained at any time.

Deposit Ticket

THE UNION BANK	
DEPOSITED BY	
<i>W. B. Gray & Co.</i>	
<i>Boston, Mass. Jan 7, 19--</i>	
Please list each check separately	
Bills	90-
Gold	
Silver	10 75
Checks <i>Boston</i>	420-
<i>Elmer Lee</i>	105 50
<i>Hartford, Conn.</i>	1052 30
	1678 55

Model Script Check Book

No. <u>1</u>	
Date <u>Jan. 5, 19--</u>	
To <u> Jas. L. Benson</u>	
For <u> on acct.</u>	
Amount, \$ <u>135.60</u>	

No. <u>2</u>	
Date <u>Jan. 7, 19--</u>	
To <u> A. F. Thompson</u>	
For <u> on acct.</u>	
Amount, \$ <u>275.80</u>	
Forward <u>411.40</u>	

Minneapolis, Minn., Jan. 5, 19-- No. 1

The Union Bank

Pay to the order of James L. Benson — \$ 135.60

One Hundred Thirty-five 60/100 — Dollars

Charles H. Jones

Minneapolis, Minn., Jan. 5, 19-- No. 2

The Union Bank

Pay to the order of A. F. Thompson — \$ 275.80

Two Hundred Seventy-five 80/100 — Dollars

Charles H. Jones

The deposits may be recorded on the reverse, or left, stub, an illustration of which is given on page 70. The deposits may be carried forward on the reverse stub, and then the balance shown by the check book may be readily found by finding the difference between the total deposits and the total checks.

Page 71 is an illustration of a common form of check book. It shows the transactions of a depositor, Charles H. Jones, with The Union Bank for two consecutive days.

Notice the manner of filling out the check, the important items of the check reproduced on the stub, the total after the second check has been written, and the amount of the two checks carried forward.

Great care should be taken in the writing of each check. There should be no erasures of any kind in the check book.

The first figure in the amount of a check should be written close to the dollar sign; an amount in figures should be written as follows: \$15⁴⁰. The first word in writing the amount should begin at the head of the line, and cents should be expressed as a fraction of a dollar, as 25/100; any other space on this line should be filled in with a waved or broken line.

It should be borne in mind that there are manifold ways of keeping a check book. The method outlined herewith is a simple one and well serves the need of the student in his work in business practice.

The **Left, or Reverse, Stub** may be used for recording any memoranda that the depositor deems important.

Deposits should be entered in the pass book by the teller of the bank at the time the deposit is made. If at any time a deposit is made without the pass book, a duplicate deposit ticket should be obtained by the depositor.

Different banks use different methods for keeping records in a pass book. All deposits may be entered in it; at the end of the month the checks are totaled on an adding machine, the amount carried to the pass book, and the balance shown.

However, it is more common, at least in large banks, to record deposits in a pass book, and at the end of each month all deposits and all checks, itemized or in total, are entered on a slip or on an envelope, and the balance shown as a monthly statement. This statement, together with all canceled checks, is given to the depositor and constitutes a statement of his dealings with the bank for a given month.

In this text, in business practice, all deposits will be entered in the pass book at the time they are made.

In the package of business forms, an envelope is provided for each month on which a monthly statement of the bank account should be made. Upon this envelope the student's name should be written, and as checks are drawn they may be filed in it.

The deposits in the pass book may be totaled and the checks, in total, subtracted therefrom, thus showing the balance in the pass book.

Place all the checks in the envelope. This constitutes a complete monthly statement of the student's bank account.

EXERCISE 39

TRANSACTIONS WITH A BANK

Make the following blank forms: rule lengthwise two sheets of paper about 5 × 8 inches; rule two checks, two stubs, and the reverse stub on each sheet. This represents a page of a check book and the reverse stub. Follow the models given on page 71.

Under date of March 1, enter on the reverse stub of the sheet just ruled a deposit of \$1500.

Under date of March 9, write a check for \$250, in favor of Henry S. Lee, No. 1. Fill out the stub first and then write the check.

Under date of March 13, enter a deposit of \$150.

Under date of March 16, write a check for \$137.50, in favor of Wm. G. Howe, No. 2. Remember to fill out the stub first.

Forward the total deposits to the reverse stub, and the total checks to the regular stub, on sheet number two.

Under date of March 19, write a check for \$100, in favor of E. T. Perry.

Under date of March 23, enter a deposit of \$75.

Under date of March 30, write a check for \$28.40, in favor of Amos H. Wells.

What balance now remains in the bank?

This exercise may be continued at the discretion of the instructor.

EXERCISE 40

BUSINESS FORMS

Boston, Mass., Jan. 9, 19__	
Received of	Frank C. Bliss
Two Hundred ⁷⁵ / ₁₀₀	Dollars
to apply on account	
\$200 ⁷⁵ / ₁₀₀	Clarke & Simpson

The Receipt. Study the model receipt, page 74, in every detail.

Write the following receipts on slips of paper properly ruled:

S. T. Wade owes you \$56.75, and pays the whole amount.

The receipt bears these words: *in full of account.*

R. O. Warner owes you \$120.50, and pays you \$75.

The receipt bears these words: *to apply on account.*

You owe John Wheeler \$102.50, and pay it all.

You owe J. H. Leaman \$62.50, and pay him \$35.

Near the bottom of page 19 is an open ledger account with J. A. Lyons. Write the receipt that he should give you, assuming that you pay the account in full.

The Invoice. This *model* shows how an invoice should be made out when goods are bought or sold. The terms are *on account*, 60 da., therefore it is not receipted.

<u>New York, June 4, 19—</u>					
<u>Messrs. Clark & Smith</u>					
<u>Springfield, Mass.</u>					
To <u>Endicott & Bush</u> Dr.					
Terms <u>60 da.</u>					
2	casks	T. Prunes	78 ¹⁵	157	50
10	bags	C. Tapioca	7 ¹²	71	25
5	"	S. Pepper	18	90	
5	bbl.	P. R. Molasses	16 ⁴⁴	83	33
				402	08

In this invoice who is the buyer? the seller? What is meant by *terms 60 da.*?

Note that the dollar sign is not used in writing either the prices or the extensions on an invoice.

This model invoice is receipted because the terms are *cash*.

<u>Boston, Mass., Aug. 25, 19--</u>					
<u>Mr. Chas. H. Parmelee</u>					
<u>City</u>					
To <u>Edgar Townsend</u> Dr.					
Terms <u>Cash, less 1 1/2 %</u>					
5	br. E. Soap	37 1/2	18 75		
2	ch. Y. H. Tea	38 1/2	76 50		
5	bbl. O. Salt	.95	4 75		
2	" A. Sugar	15 1/2	31 69 1/2		
			131 69		
	Less 1 1/2 %		198 1129 71		
	Recd. payment				
	Edgar Townsend				

Study these model invoices in every detail, then rule two sheets of paper according to the model, and write the following invoices. Do your best work, — good writing and neat, legible figures.

Turn to Set I, page 42, and write the invoices under the dates of Jan. 4 and 9.

Turn to Set II, page 52, and write the invoices under the dates of Feb. 6 and 9.

Filing Invoices. For convenience in handling, invoices may be folded lengthwise with the printed matter outward.

The manner of folding the invoice (noted above) is not imperative. The invoice may be folded lengthwise, the printed matter within; on the left end write the name of the seller, the amount in figures, and the date.

For the student's work in business practice the first method is recommended.

After the invoices are folded a rubber band may be placed around them, and then they are in a convenient form for handling. The filing should be in the order of the dates.

These suggestions are simply for the students in the classroom.

The Promissory Note. Study all the details of the following model note:

\$1200 ⁰⁰	Boston, Mass., Jan. 14, 19--
Thirty days	after date I promise to pay to
the order of Morgan, Taylor & Co.	
Twelve Hundred ⁰⁰ / ₁₀₀	Dollars
at Winthrop National Bank	
Value received	
No. 12	Due Feb. 15 Henry W. Sherman

Who is the maker of this note? the payee? Does it draw interest? When is the maturity of the note? Who holds this note *before* maturity? After it is paid who will hold it? Why is this called a *promissory* note?

Write the following notes on slips of paper. Use the current date.

1. Gave Henry A. Morton your note, at 60 da., with interest, payable at the First National Bank, \$250.

2. Received of Henry S. Mercer his note, at 30 da., payable at The Union Bank, \$128.50.

3. Gave Wilson & Brown your note, at 2 mo., payable at your office, \$175.20.

4. Received of A. D. Rose & Son their note, at 1 mo., with interest, payable at their office, \$200.

The Purchase Book. The following model represents a purchase book, — a book in which all purchases may be recorded.

Model Purchase Book

INV. NO.	DATE	NAMES AND ADDRESSES	TERMS	AMOUNT	P
1	Jan. 1	S. D. Minnick, Albany, N.Y.	30 da.	642 84	
2	Jan. 20	C. R. Fenn, Boston, Mass.	60 da.	500	
3	Feb. 4	J. M. Kane, Brooklyn, N.Y.	2% 10 da.	640 50	✓
		Indus. Dr.	1%	1783 34	

Various books are designed for recording purchases, but the illustration given on page 77 shows the general plan of any book that may be used for this purpose. In the more advanced portion of this work an *invoice book* will be introduced.

The posting of this book is explained on page 61.

Daily Cash Proof. In the following sets the student will use representative money in carrying out his business transactions. At the close of *each* day's business cash should be proved.

DAILY CASH PROOF	
Name	<u>J. B. Brown</u>
Date	<u>Jan. 15, 19-</u>
Cash received per cashbook, total	<u>5760.⁴⁰</u>
Cash paid per cashbook, total	<u>1300.⁰⁰</u>
Balance per cashbook	<u>4460.⁴⁰</u>
Cash on hand per cash drawer	<u>400.⁰⁰</u>
Cash in bank per check book	<u>4060.⁴⁰</u>
Total	<u>4460.⁴⁰</u>

How to prove cash:

1. The left side of the cashbook shows all cash received.
2. The right side of the cashbook shows all cash paid out.
3. The difference shows the amount of cash the business has on hand.
4. The money in the cash drawer added to the amount in the bank should equal the difference shown by the cashbook.
5. If no bank account is kept, the cash in the drawer should equal the difference shown by the cashbook.
6. If all money is in the bank, the true bank balance should equal the balance shown by the cashbook.

It is suggested that the above form of proof be used.

EXERCISE 41**THE TRIAL BALANCE**

Thus far all trial balances have been made by taking the footings of the debit and the credit items of each account, omitting all accounts that balanced. It is a common practice for bookkeepers to take a trial balance by using the *balance* of each account. This form of trial balance is illustrated herewith.

Refer to the *model trial balance*, page 4; compare it with the following trial balance:

Trial Balance, January 31, 19—

James Wilson			2000	
Cash	1123	60		
Expense	50			
Mdse.	926	40		
D. Simons	100			
O. Lane			200	
	2200		2200	

To find Errors in the Trial Balance. If the debit and the credit items are not equal, that is, do not balance, observe the following suggestions in tracing the error:

1. Go over all additions, both in the trial balance and in the ledger.
2. Find the exact amount of the error; if *ten* or some *power of ten*, the error is usually in addition.
3. If the amount of the error is exactly the same as some amount in the journal, the trouble is likely to be with that amount.
4. Divide the amount of the error in the trial balance by 2, and look for an amount corresponding to this result. If a debit item has been posted to the credit, it will cause an error equal to twice the amount of the item thus posted.
5. If the amount of the error is divisible by 9, the error is probably the result of the transposition of figures.
6. If necessary, recheck the posting to determine if that work was done correctly. (This manner of rechecking is described on page 19.) Rechecking involves a great deal of extra work; it should be undertaken only as a last expedient.

A trial balance that balances is not absolute proof that the ledger is correct. If a credit of *Merchandise* was posted to the credit of *Cash*, it would not affect the trial balance.

SET III. MARCH AND APRIL

GRAIN AND SEED—WORK FOR MARCH

The **Object** of this set is to give systematic drill in elementary business practice. *Student* is represented as the proprietor. Business forms are used, and all transactions in cash admit the handling of currency. An account is kept with the bank, deposits are made and checks are drawn. This set covers a period of two months, March and April, the books being closed at the end of each month.

The **Books** used in this set are the journal, the cashbook, the sales book, the purchase book, the statement book, and the ledger.

All business forms handled are either **Incoming Papers** or **Outgoing Papers**. Incoming papers are those received from others; outgoing papers are those given to others. Incoming papers will be received and recorded by the student as in business, and he will issue and record all outgoing papers as in business.

Different selling price lists may be used if desired.

Twenty-five selling price lists are provided for this set. When the instructor gives the student the necessary blank forms he should assign him a price list. *Any one of the selling price lists may be used in connection with the buying price list.*

Selling Price Lists

ARTICLE	1	2	3	4	5	6	7	8	9	10	11
Clover Seed . .	3.70	3.65	3.80	3.75	4.00	3.88	3.68	3.73	3.79	3.71	3.78
Dwarf Beans . .	4.20	4.30	4.15	4.25	4.15	4.38	4.33	4.38	4.44	4.21	4.43
Field Corn . .	.48	.50	.48	.48	.46	.66	.53	.58	.64	.49	.63
Garden Corn . .	1.90	1.95	1.90	1.80	1.80	2.08	1.98	2.03	2.09	1.91	2.08
Millet, Common .	.98	1.05	.95	.98	.90	1.16	1.08	1.13	1.19	.99	1.18
Oats . . . . .	.34	.37	.33	.38	.40	.52	.40	.45	.51	.35	.50
Spring Rye . .	1.10	1.16	1.06	1.15	1.05	1.28	1.19	1.24	1.30	1.11	1.29
Timothy Seed . .	2.40	2.50	2.40	2.50	2.65	2.58	2.53	2.58	2.64	2.41	2.63
Wheat . . . . .	.90	.96	.90	1.00	1.00	1.08	.99	1.04	1.10	.91	1.09

After a price list has been assigned, copy it for ready reference. Ask the instructor for *Business Forms, No. 1*, and then proceed to write Set III.

Directions and Suggestions. This set may be written in any of the following ways:

1. Simply record the transactions as in the preceding sets.

2. In addition to recording the transactions, all business forms may be used.

3. In addition to recording the transactions, using the forms, etc., all the business called for may be done, such business to be transacted according to the directions of the instructor.

The memoranda and all directions are given, so that complete business practice may be used if desired.

4. Prove the cash at the close of each day. (See model, page 78.)

5. If the tablet of Incoming Business Forms is not used, make out the forms on page 82 and file them in the envelope for *Incoming Papers*, before beginning Set III.

Unless otherwise instructed, keep the cashbook on a loose sheet of journal paper and copy at the close of the month. All other work may be recorded directly in the required books.

INCOMING BUSINESS FORMS FOR MARCH

These incoming forms are included in the text for the following reasons:

1. All material in any given set is included in the text proper.
2. The student is able to make a study of the work of the set before attempting to write it; this is especially important.
3. By having all matter included in the text, extended and varied reviews are made possible.

for March and April

12	13	14	15	16	17	18	19	20	21	22	23	24	25
3.80	3.80	3.84	3.76	3.89	3.69	3.74	3.81	3.72	3.82	3.81	3.83	3.85	3.77
4.30	4.45	4.34	4.26	4.39	4.34	4.39	4.46	4.22	4.47	4.31	4.48	4.35	4.27
.58	.65	.62	.54	.67	.54	.59	.66	.50	.67	.59	.68	.63	.55
2.00	2.10	2.04	1.96	2.09	1.99	2.04	2.11	1.92	2.12	2.01	2.13	2.05	1.97
1.08	1.20	1.12	1.04	1.17	1.09	1.14	1.21	1.00	1.22	1.09	1.23	1.13	1.05
.44	.52	.48	.40	.53	.41	.46	.53	.36	.54	.45	.55	.49	.41
1.20	1.31	1.24	1.16	1.29	1.20	1.25	1.32	1.12	1.33	1.21	1.34	1.25	1.17
2.50	2.65	2.54	2.46	2.59	2.54	2.59	2.66	2.42	2.67	2.51	2.68	2.55	2.47
1.00	1.11	1.04	.96	1.09	1.00	1.05	1.12	.92	1.13	1.01	1.14	1.05	.97

A tablet, separate from the text, containing all the incoming business forms, is available for use with this set when business practice is used.

All incoming checks are drawn on Traders National Bank.

If business practice is not used, the tablet of incoming forms and the package of blank business forms will not be needed.

MEMORANDA OF TRANSACTIONS

March 1. Begin the Grain and Seed business, investing cash, \$2400.

Place the above memorandum in the journal, *but make no journal entry*. Make the proper entry in the cashbook. Receive the currency from the instructor and put it in the *Business Cash* envelope.

1. You have entered into an agreement with Amos Graves for the rental of his store, at 120 Main Street, at \$35 per month.

No entry is required. A memorandum of this agreement may be made and filed with the incoming papers.

2. Buy of E. C. Ferry, City, for cash, merchandise as per invoice, Form 1.

Remove this invoice from the tablet of Incoming Papers. Note the extensions and the addition.

In business, the goods received are compared with the invoice, and if found to be correct, check marks are placed at the *left*, as shown in the following script illustration; then the extensions and the addition are verified and checked as shown at the *right*.

Verify the extensions and the addition.

Make the proper entries in the cashbook and the purchase book. These items should be checked in each. The check mark means *do not post*.

In the purchase book write the name, the address, the terms, and the amount on one line.

Pay for the invoice.

Fold the invoice once lengthwise, face outward, and place it in the *Paid Bills* envelope.

<i>Omaha, Neb., Mar. 2, 19—</i>					
<i>M. George A. Harris</i>					
<i>120 Main St., City</i>					
<i>To E. C. Ferry Dr.</i>					
<i>Terms Cash</i>					
<i>150</i>	<i>bu.</i>	<i>Clover Seed</i>	<i>3.50</i>	<i>17.50</i>	<i>✓</i>
<i>100</i>	<i>"</i>	<i>Field Corn</i>	<i>4.40</i>	<i>4.40</i>	<i>✓</i>
<i>100</i>	<i>"</i>	<i>Oats</i>	<i>3.00</i>	<i>3.00</i>	<i>✓</i>
				<i>24.90</i>	<i>✓</i>

March 3. Sell John Williams, City, for cash, at the prices given herewith:

20 bu. Clover Seed at \$3.70	50 bu. Field Corn at 48¢
40 bu. Oats at 34¢	

Make out an invoice and receipt it. If correct in every detail, record it in the sales book and the cashbook, and check in each. Do not put any check marks on any bill of goods that you *sell*. Receive the cash and place it in the *Business Cash* envelope.

Pass the bill to the office, or dispose of it according to directions received.

Take great pains in counting all cash.

4. Deposit in The Union Bank cash, \$2000.

Read pages 68 and 70 for instructions.

Make out a deposit ticket. Record the amount in the check book, on the reverse stub.

Place the currency and the deposit ticket in the pass book, and leave it at the bank.

5. Buy of S. D. Welch, City, on account, merchandise as per invoice, Form 2.

Remove the invoice from the tablet. Check the extensions and the footing.

Record it in the purchase book. Fold and place it in the *Unpaid Bills* envelope. Do not receipt this invoice. Why?

6. Sell John Wells, City, on account:

5 bu. Dwarf Beans	20 bu. Garden Corn
50 bu. Millet	

Write the invoice, but do not receipt it. Why? Use the selling prices of the list assigned to you. Record in the sales book. Refer to the model, page 64. Dispose of the invoice according to directions received.

7. Pay Amos Graves cash, for rent of the store for March, \$35, Form 3.

Remove this receipt. Make the entry in the cashbook. Pay the money. Place the receipt in the *Paid Bills* envelope.

8. Pay David Ross cash, for office books and stationery, \$12.50, Form 4.

Examine and check the bill. If correct, pay it. Make the entry in the cashbook. Fold the bill and file it in the *Paid Bills* envelope.

9. Give S. D. Welch your check, to apply on account, \$200.

Fill out the stub in the check book, No. 1. (See model check book, page 71.) Write the check and detach it. Make the entry in the cashbook.

A receipt need not be taken when an amount is paid by check, as the canceled check will be returned as a receipt. However, a receipt may be taken if desired.

In the package of business forms there is an envelope for keeping a record of your dealings with the bank for one month.

If the checks are passed to an office, this envelope should be left at the office. The form and the use of this envelope are illustrated and explained on page 73. Place the student's name on the envelope. As checks are received, they may be filed therein.

If the checks are kept by the student at his desk, he may keep the envelope and do this work himself.

March 10. Buy of Henry Bruce, City, on account, merchandise as per invoice, Form 5.

Remove this invoice from the tablet. Examine and check as previously instructed. Enter in the purchase book. Fold and file the invoice.

11. Pay the bill of I. N. Moss in cash for 2 T. coal at \$5.20, Form 6.

Remove the bill from the tablet. Examine and check it. If correct, pay it.

12. Pay the bill of A. C. Webb by check, for office safe, \$75, Form 7.

Remove the bill from the tablet. Total the two checks and carry the amount forward to the top of the next regular stub.

13. Receive of John Wells cash, to apply on account, \$100.

Write a receipt in favor of John Wells and receive the currency. Make the cash-book entry. Place the money in the *Business Cash* envelope.

14. Buy of Haynes & Co., City, on account, merchandise as per invoice, Form 8.

Examine and check the invoice, and then proceed as usual.

15. Sell Boyd & Co., City, on account:

100 bu. Field Corn	50 bu. Spring Rye
100 bu. Millet	10 bu. Dwarf Beans

Write the invoice and record it in the sales book.

16. Deposit currency, \$200.

Make out the deposit ticket. Record it in the check book, on the reverse stub. The total of the deposits may now be carried forward to the top of the next reverse stub.

Place the currency and the ticket in the pass book and leave it at the bank.

17. Pay Henry Bruce by check, to apply on account, \$112.50.

Write the check and make the entry in the cashbook. How do you dispose of the check?

18. Sell Howard Young, City, on account, at the prices given herewith:

20 bu. Clover Seed at \$3.65	10 bu. Timothy Seed at \$2.50
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Write the invoice and record it.

19. Sell Jesse Watson, City, on account, at the price given herewith:

200 bu. Wheat at 90¢

March 20. Withdraw cash, for personal use, \$50.

Take \$50 in currency from the *Business Cash* envelope and place it in the envelope for *Personal Cash*. Make the entry on the *right* side of the cashbook. Under what name will you enter it?

23. Receive of Boyd & Co. their check, on account, \$200, Form 9.

Remove the check and enter it in the cashbook. Place the check in the *Business Cash* envelope.

23. Pay Haynes & Co. by check, to apply on account, \$500.

Write the check and make the entry.

24. Buy of S. D. Welch, City, on account, merchandise as per invoice, Form 10.

Examine and check it.

25. Buy of Henry Bruce, City, on account, merchandise as per invoice, Form 11.

26. Sell John Wells, City, on account:

50 bu. Spring Rye

150 bu. Wheat

27. Give S. D. Welch your note at 8 da., to apply on account, \$100.

Write the note, payable at *my office*. The note which you write will be similar to the script form given herewith. The signature will be *your name*.

\$100.00	Nashville, Tenn., Mar. 27, 19—
Eight days after date I promise to pay to	
the order of	S. D. Welch
One Hundred 00/100	Dollars
at my office	
Value received	
No. 1	Due 4/4
Henry L. James	

Make the entry in the journal. Dispose of the note according to directions received.

28. Sell Boyd & Co., City, on account:

100 bu. Wheat

10 bu. Clover Seed

5 bu. Dwarf Beans

10 bu. Garden Corn

Write the invoice. What record is made?

29. Receive of Jesse Watson his note at 30 da., in full of account, Form 12.

Remove the note from the tablet. Make the journal entry. Place the note in the *Unpaid Bills* envelope.

March 29. Receive of John Wells his check, on account, \$100, Form 13.

Remove the check and enter it in the cashbook. Place the check in the *Business Cash* envelope.

31. Sell Oscar Wilson, City, for cash, at the prices given herewith, receiving in payment his check, Form 14.

50 bu. Field Corn at 48¢

100 bu. Oats at 34¢

10 bu. Garden Corn at \$1.90

150 bu. Spring Rye at \$1.10

Write the invoice and receipt it. Record it in the sales book and the cashbook, and check the item in each. Remove the check and place it in the *Business Cash* envelope.

31. Deposit the three checks and all the currency on hand.

Take the currency and the checks from the *Business Cash* envelope; count the currency and make out the deposit ticket.

Indorse each check, as shown in the following illustration :

Pay to the order of
The Union Bank
(Student's name)

29, 19 - No. 13

Bank

Wilson - \$100.00

Dollars

John Wells

The *full indorsement*, shown in the accompanying illustration, is the one most commonly used in business, and some banks and the clearing houses insist that this form must be used.

The *blank indorsement* is simply the writing of one's name on the back of the paper. (See page 90.)

Place the currency and the checks in the pass book and hand it to the bank. Examine the pass book to see that all is entered correctly.

March 31. Give Henry T. Dale, your clerk, a check for his salary, \$30.

Write the check and record it.

At this point the monthly bank statement should be made.

If the deposits and the checks have been passed to an office, these instructions should be followed by the one in charge of that work; if not, the student may make the statement himself. Proceed as follows:

Enter all deposits and all checks on the outside of the bank envelope, in which the checks have been filed from day to day. Refer to page 73 for illustrations. Total both the deposits and the checks and find the balance. Place the checks in the envelope.

Total the deposits in the pass book, subtract the total checks therefrom, enter the balance, rule and foot. Bring the balance down under April 1.

Before closing the books, hand them to the instructor for inspection and approval.

Record the following in the journal, in the usual form, at the cost price.

INVENTORIES, MARCH 31, 19—

Merchandise:

40 bu. Dwarf Beans	60 bu. Oats
200 bu. Field Corn	50 bu. Spring Rye
20 bu. Garden Corn	40 bu. Timothy Seed
150 bu. Millet	50 bu. Wheat

Expense:

Office Safe	\$75.
Office Books	8.
Office Supplies	2.75
Coal	<u>6.40</u> \$92.15

CLOSING THE WORK FOR MARCH

Close each of the following: the cashbook, the sales book, and the purchase book. Refer to pages 63 to 65.

Post the books to the ledger, three accounts to the page, as follows:

1. Post the journal, writing *J* in the explanatory column of the ledger.
2. Post the cashbook, writing *C* in the explanatory column of the ledger.
3. Post the sales book, writing *S* in the explanatory column of the ledger.

4. Post the purchase book, writing *P* in the explanatory column of the ledger.

Foot the ledger accounts.

Take a trial balance, using only the balance of each account. (See page 79.) Do not forget the balance of cash from the cashbook.

Have the trial balance approved; record it in Blank No. 1, on the page indicated by the index.

Make the two statements and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

Close the ledger. Take a second trial balance.

Submit all work to the instructor for approval.

When the monthly statement of your bank account has been completed, compare each check with the stub in the check book; if they agree, put a large check mark on the stub. This shows that the check issued has been returned canceled.

Does the balance of your monthly bank statement agree with the balance shown in your check book? Place the canceled checks in the *Paid Bills* envelope.

EXERCISE 42

A WRITTEN REVIEW

The following review exercises are suggested:

- a. Journalize orally or in writing each transaction in March.
- b. Use trial balances 1 and 2, page 28. Make the two statements, using \$25 for the expense inventory in each statement.
- c. Use Exercise 31, I and II, pages 33 and 34 for closing the ledger.

INDORSEMENTS

An **Indorsement** is the writing of one's name on the back of commercial paper with the intent to transfer the title or to assume legal responsibility for its payment.

Sometimes a payment of interest, or a partial payment of the face, is recorded on the back of an instrument.

The **Object** of indorsement is to effect a transfer of the title, or to make the indorser conditionally liable for payment, or both.

Indorsements are made by using a rubber stamp or by writing.

The indorsements most commonly used are the *special* or *full*, the *blank*, the *qualified*, and the *restrictive*.

Special

*Pay to the order of
John E. Lane
Howard & Co.*

Blank

Howard & Co.

Qualified

*Without recourse
Howard & Co.*

or

*Pay to the order of
John E. Lane, with-
out recourse
Howard & Co.*

Restrictive

*Pay to The Union
Bank for deposit
Howard & Co.*

A special indorsement names the indorsee; the instrument could not again be negotiated without the indorsee's indorsement.

A blank indorsement names no indorsee. Any holder may, however, convert this into a special indorsement by writing "Pay to (*his name*) or order" above the blank indorsement.

A qualified indorsement simply passes the title without rendering the indorser liable. In form, this indorsement may be either in blank or special.

A restrictive indorsement constitutes the indorsee an agent of the indorser, usually for the collection of the paper.

This form of indorsement is not commended by banks and clearing houses.

Note the indorsement on page 87. All commercial paper offered for deposit at a bank must be indorsed, and the special indorsement is most commonly used.

This form is a protection to the lawful holder because the payee is named, and payment will be made only on his order, by indorsement.

If a check or a note bearing a special indorsement is lost or

stolen, it is valueless to such a holder.

When one has a check cashed at the bank, the blank indorsement may be used, as the check will be canceled as soon as cashed.

As the qualified indorsement relieves the indorser of responsibility for payment, commercial paper bearing this indorsement should be accepted with great caution.

SET III. MARCH AND APRIL

GRAIN AND SEED—WORK FOR APRIL

The memoranda following are a continuation of the memoranda for March. No new principles are introduced, and the familiar business forms are used. As such full and explicit instructions were given in March, much explanatory matter will be omitted in April. If anything is not understood, refer to a similar transaction in the preceding month.

Directions and Suggestions. The following general directions should be observed:

1. Use the same price list, the same books, etc., as in March.
2. Begin a new page in the journal. In the sales book leave a space of three lines, then write the first sale in April under the last sale in March.
3. The balance brought down from the March cashbook, under April 1, is to be reckoned with the cash receipts in April. Use a new envelope for the bank account. Record the balance at the head of the deposit column.

INCOMING BUSINESS FORMS FOR APRIL

Form 15. Invoice of Henry Bruce, City, April 6. Terms: on account.

50 bu. Clover Seed	300 bu. Oats
50 bu. Garden Corn	100 bu. Millet

Form 16. Invoice of S. D. Welch, City, April 9. Terms: on account.

200 bu. Field Corn	100 bu. Spring Rye
200 bu. Wheat	

Form 17. Invoice of C. V. Cronin, City, April 11. Terms: cash.

50 bu. Timothy Seed

Form 18. Note of Boyd & Co., City, for \$100, in your favor, at 10 da., April 14.

Form 19. Check of Howard Young, City, for \$145, in your favor, April 15.

Form 20. Check of Boyd & Co., City, for \$165, in your favor, April 23.

Form 21. Check of Boyd & Co., City, for \$100, in your favor, April 24.

Form 22. Invoice of Smith & Bowers, City, April 25. Terms: cash.

20 bu. Dwarf Beans	200 bu. Field Corn
50 bu. Garden Corn	

Form 23. Check of Jesse Watson, City, for \$175, in your favor, April 27.

Form 24. Check of Jesse Watson, City, for \$180.90, in your favor, April 28.

Form 25. Check of Howard Young, City, for \$90, in your favor, April 29.

MEMORANDA OF TRANSACTIONS

April 1. Give Amos Graves your check for the rent of the store for April, \$35.

1. Give Henry Bruce your check in full of account.

Turn to Henry Bruce's account in the ledger and find the balance of his account; write the check for this amount.

3. Receive of Howard Young cash, in full of account, \$98.

Turn to Howard Young's account in the ledger and verify the balance. Write the receipt and get the money. Enter it in the cashbook.

4. The note in favor of S. D. Welch falls due to-day; pay it by check.

Write the check. Pass it in and receive the canceled note. The note will be canceled by writing across the face, *Paid April 4, 19—*. Make the entry in the cashbook. What account is debited in the cashbook? Place the canceled note in the *Paid Bills* envelope.

6. Buy of Henry Bruce, City, on account, merchandise as per invoice, Form 15.

Remove the invoice from the tablet and proceed as usual.

7. Sell Howard Young, City, on account, at the prices given herewith:

100 bu. Field Corn at 48¢	50 bu. Millet at 98¢
20 bu. Timothy Seed at \$2.40	

9. Give S. D. Welch your check, to apply on account, \$200.

9. Buy of S. D. Welch, City, on account, merchandise as per invoice, Form 16.

10. Sell Boyd & Co., City, on account:

30 bu. Garden Corn	20 bu. Clover Seed
	100 bu. Oats

11. Buy of C. V. Cronin, City, for cash, merchandise as per invoice, Form 17.

Check the invoice; if it is correct, write a check in payment.

12. Sell P. H. Morse, City:

20 bu. Timothy Seed	100 bu. Field Corn
	100 bu. Wheat

Receive cash, \$125; balance on account.

Write the bill. Terms: cash, \$125; balance on account. Enter the entire bill in the sales book, and the cash received in the cashbook as a receipt *on account*. Neither entry should be checked. Why? Record the amount of the cash on the bill and receive the money.

April 14. Receive of Boyd & Co. their note at 10 da., to apply on account, \$100, Form 18.

Place the note in the *Unpaid Bills* envelope.

15. Give Henry Bruce your note at 30 da., to apply on account, \$200, payable at *his office*.

15. Sell Jesse Watson, City, on account:

20 bu. Dwarf Beans	50 bu. Spring Rye
50 bu. Millet	10 bu. Timothy Seed

15. Receive of Howard Young his check for invoice of April 7, \$145, Form 19.

17. Deposit the check and all currency on hand except \$25.

18. Give S. D. Welch your check in full for the invoice of April 9, \$348.

Verify the amount by referring to the purchase book.

19. Sell Howard Young, on account, at the price given herewith:

100 bu. Wheat at 90¢

20. Sell F. G. Morgan, City, for cash, at the prices named herewith:

10 bu. Clover Seed at \$3.70	10 bu. Timothy Seed at \$2.40
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Write a receipted bill and enter it in the sales book and the cashbook; check the item in each. Pass in the bill and receive the currency.

21. Sell Boyd & Co., City, on account:

30 bu. Timothy Seed	20 bu. Garden Corn
50 bu. Millet	40 bu. Spring Rye

22. Sell John Wells, City, on account:

200 bu. Oats	50 bu. Millet
100 bu. Field Corn	

23. Receive of Boyd & Co., their check, to apply on account, \$165, Form 20.

24. Receive of Boyd & Co. their check in payment of their note due to-day, \$100, Form 21.

Enter the amount of the check in the cashbook. Under what name? Cancel the note and pass it in.

April 24. Deposit the two checks and all currency on hand.

Indorse the checks.

25. Buy of Smith & Bowers, City, for cash, merchandise as per invoice, Form 22.

Examine and check the invoice; if correct, pay it by check. Enter in the purchase book and the cashbook, checking the item in each.

26. Sell Johnson & Pease, City, for cash, at the prices named herewith:

10 bu. Dwarf Beans at \$4.20	100 bu. Field Corn at 48¢
25 bu. Garden Corn at \$1.90	

After entering the invoice in the required books, receipt it, pass it in, and receive the currency.

27. Receive of Jesse Watson his check, to apply on account, \$175, Form 23.

28. Prepay your note in favor of Henry Bruce by check. Face of the note, \$200; discount, 50¢; amount of the check, \$199.50.

This note has 15 da. to run, and the interest on \$200 for 15 da. is 50¢. Write the check. Enter it in the cashbook as follows: on the right side debit *Bills Payable* for \$200; on the left side credit *Interest* for 50¢. Hand in the check and receive the note. Across the face of the note write, *Paid April 28, 19—*. Place the canceled note in the *Paid Bills* envelope.

Interest and discount are practically synonymous terms, interest is paid, usually, at the maturity of a loan, and discount is allowed before such maturity. For this reason all discount items will be entered as **Interest**.

Study this transaction until it is understood. The discount and the prepayment of notes are common business transactions.

28. Receive of Jesse Watson his check for note and interest due to-day, Form 24. Face of the note, \$180; interest, 90¢.

What two entries are made in the cashbook? Cancel the note and pass it in.

29. Receive of Howard Young his check for the invoice of April 19, Form 25.

30. Give Henry T. Dale, your clerk, a check for his salary, \$30.

30. Deposit the checks and all currency on hand.

Indorse the checks.

30. Withdraw by check the balance on deposit in The Union Bank.

This withdrawal is made as a matter of convenience in closing the set. The amount of the check is for the *balance* in the bank. Make the check payable to *Self* and pass it in. No entry is required.

Proceed with your bank account as you did at the close of March.

Before closing the books hand them to the instructor for inspection and approval.

Record the following in the journal, in the usual form, at the cost price:

INVENTORIES, APRIL 30, 19—

Merchandise:

30 bu. Dwarf Beans	50 bu. Millet
20 bu. Clover Seed	60 bu. Oats
200 bu. Field Corn	60 bu. Spring Rye
45 bu. Garden Corn	50 bu. Wheat

Expense:

Office Safe	\$75.
Office Books	<u>7.50</u> \$82.50

CLOSING THE WORK FOR APRIL

After looking over the closing of each book in March, close the cash-book, the sales book, and the purchase book.

The careful bookkeeper checks his work *at every step*. Check all additions before writing the results in ink. A simple way to **check addition** is to add the columns in reverse order. If the results agree, the work may be assumed to be correct.

Post the books to the ledger. Post to the same accounts as in March. If any new accounts are to be added, allow one third of a page for each.

Foot the ledger accounts.

Take a trial balance; after approval, record it in Blank No. 1, on the page indicated by the index.

Make the two statements and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

Close the ledger. Take a second trial balance.

Submit all work to the instructor for approval.

When your monthly bank statement has been completed, compare each check with the stub in the check book. If they agree, check the stub.

Place all canceled checks in the *Paid Bills* envelope.

EXERCISE 43

A WRITTEN REVIEW

The following review exercises are suggested:

1. Journalize orally or in writing each transaction in April.
2. Use trial balances 3 and 4, page 28. Make the two statements, and the verification for each; use \$30 for the expense inventory in each statement.

3. Write from memory on blank paper, cut to the proper size, the following business forms:

a. *A Receipted Bill.* Jan. 17, C. H. Palmer, Trenton, N.J., bought of *Student* for cash, less 3%: 25 doz. table knives at \$7.50, 15 doz. nail hammers at \$9, 25 doz. safety locks at \$4.50.

b. *A Promissory Note.* Jan. 20, *Student* gave James B. Stevens a 60-da. interest-bearing promissory note payable at First National Bank. Face of the note, \$125.

c. *A Receipt.* Jan. 22, Frank H. Jackson paid *Student* \$127.85 in full for invoice of Jan. 12.

d. *A Check.* Jan. 25, *Student* gave William E. Hitchcock a check on Commonwealth Trust Company for \$200.

EXERCISE 44

INTEREST AND DISCOUNT

The rate of interest allowed by law is called the **Legal Rate**. Persons may agree to pay less than this rate, but not more, unless a higher rate by special agreement is permitted by statute. If an agreement for the payment of interest specifies no rate, the highest legal rate in the state where the contract is signed will be understood.

In the **Commercial World** 12 mo. of 30 da. each — 360 da. — are reckoned as 1 yr. In bank discount the exact number of days is used.

Throughout the business practice employed in this text the rate will be 6%, based on the commercial year of 360 da.

This method is not exact, but it is the most common because the most convenient. It has been legalized by statute in some states and is generally used in all the states.

A great variety of methods is employed to compute interest and discount, but it is suggested that the student use the *day method*, as follows: Point off three decimal places in the principal, multiply by the number of days, and then divide by 6. Cancel when possible.

Example. What is the interest on \$146.50 for 50 da. at 6%?

Solution. $.1465 \times 50 = 7.325$.

$7.325 \div 6 = 1.22$, or \$1.22, the required interest.

When a man borrows money at a bank, he not infrequently pays the interest in advance; when he sells a note to a bank, he allows discount to the bank, and such allowance is called **Bank Discount**.

The **maturity** of negotiable paper is determined as follows: When the time is expressed in months, **calendar months** are used to fix the date of maturity; but when the time is expressed in days, the **exact number of days** is used.

To illustrate: A note dated Jan. 28, 29, 30, or 31, at 1 mo., will mature on Feb. 28 (leap years excepted); but a note with any of the dates just noted at 30 da. will mature on Feb. 27, 28, March 1, or 2, respectively.

The **Term of Discount** is the time from the date of discount to the **maturity** of the note. Banks differ as to method in finding the *term*, but in this text *the exact number of days will be used uniformly.*

EXERCISE 45

INTEREST AND DISCOUNT ENTRIES

This exercise is not a set, but a series of illustrations. It may be used first as an oral exercise.

Use a sheet of journal paper for the cashbook, and enter the following transactions; balance and rule the cashbook.

May 1. Student begins business and invests cash, \$1600.

2. Give Henry A. Dunton a check for your note, which falls due to-day, \$172.50.

4. Receive a check from Henry A. Gray for his note, which is due to-day, \$235.20.

6. Pay your note and interest, due to-day, in favor of H. H. James, in cash. Face of the note, \$325; interest, \$11.50.

8. Receive of Hale & Son their check for their note and interest, due to-day. Face of the note, \$220.35; interest, \$7.75.

9. Discount at The Union Bank W. K. Marsh's note. Face of the note, \$300; discount allowed for 45 da.

What entry is made on the left side of the cashbook? on the right side?

12. Prepay your note in favor of Geo. R. Cushing. Face of the note, \$400; discount allowed for 30 da.

20. Receive a check from Johnson & Co. for their note, due to-day. Face of the note, \$256.25.

24. Prepay your note in favor of E. R. Sterling. Face of the note, \$222.40; discount allowed for 60 da.

26. Discount at First National Bank T. T. Munger's note. Face of the note, \$257.80; discount allowed for 60 da.

30. Make an additional investment in the business in cash, \$500.

EXERCISE 46**COMPOUND ENTRIES**

The **Compound Entry** is explained on page 46. Refer to that explanation before proceeding with this exercise.

A **Simple Entry** consists of one debit and one credit.

Several of the preceding interest and discount entries are here used as illustrations of compound entries; they will serve for reference in subsequent work.

Journalize Exercise 45.

The making of these entries in both the cashbook and the journal will make the debits and the credits clearer in each transaction.

<i>May 6.</i> Bills Pay. \$325.	<i>May 8.</i> Cash \$228.10
Interest 11.50	Bills Rec. \$220.35
Cash \$336.50	Interest 7.75
<i>May 9.</i> Cash \$297.75	<i>May 12.</i> Bills Pay. \$400.
Interest 2.25	Cash \$398.
Bills Rec. \$300.	Interest 2.

Selling Price Lists

ARTICLE AND QUANTITY	1	2	3	4	5	6	7	8	9	10	11
Carpenter's Chisels, $\frac{1}{4}$ -in., doz. .	4.75	5.00	5.00	5.00	5.10	4.96	5.01	5.06	5.11	5.16	4.76
Coal Hods, doz. .	9.00	10.00	9.00	9.00	9.30	9.21	9.26	9.31	9.36	9.41	9.01
Copying Presses, each	8.00	7.50	8.00	8.25	8.20	8.21	8.26	8.31	8.36	8.41	8.01
Door Knobs, doz.	1.00	1.20	1.10	1.10	1.05	1.21	1.26	1.31	1.36	1.41	1.01
Grindstones, each	5.00	6.00	5.00	5.25	5.20	5.21	5.26	5.31	5.36	5.41	5.01
Hammers, doz. .	8.00	9.00	8.00	8.20	8.60	8.21	8.26	8.31	8.36	8.41	8.01
Handsaws, doz. .	21.00	22.50	21.50	22.00	22.75	21.21	21.26	21.31	21.36	21.41	21.01
Ice-cream Freezers, each . .	3.25	3.20	3.30	3.10	3.30	3.46	3.51	3.56	3.61	3.66	3.26
Knives and Forks, set	1.60	1.50	1.75	1.70	1.65	1.81	1.86	1.91	1.96	2.01	1.61
Lanterns, doz. .	7.50	8.00	7.80	8.00	7.75	7.71	7.76	7.81	7.86	7.91	7.51
Mortise Locks, doz.	6.00	6.80	6.25	6.20	6.35	6.21	6.26	6.31	6.36	6.41	6.01
Nails, 8d, wire, keg	4.00	4.25	4.25	4.20	4.20	4.21	4.26	4.31	4.36	4.41	4.01
Planes, #4, doz. .	30.00	32.00	30.00	29.00	31.00	30.21	30.26	30.31	30.36	30.41	30.01
Railroad Picks, 9-lb., doz. . .	13.00	12.00	15.00	12.50	14.25	13.21	13.26	13.31	13.36	13.41	13.01
Steelyards, doz. .	16.00	17.50	18.00	16.25	15.80	16.21	16.26	16.31	16.36	16.41	16.01
Steel Axes, doz. .	12.00	12.50	13.00	12.25	12.50	12.21	12.26	12.31	12.36	12.41	12.01
Try-squares, 6-in., doz.	6.00	7.00	6.30	6.50	6.20	6.21	6.26	6.31	6.36	6.41	6.01

SET IV. MAY AND JUNE

GENERAL HARDWARE—WORK FOR MAY

The **Object** of this set is to continue the work of Set III and to give more extended business practice. A partnership is introduced.

Directions and Suggestions. Observe these general directions:

1. The same bound books are used as in Set III.
2. *Student* and James A. Hart are represented as proprietors.
3. The firm name is to be *Student & Hart*.
4. *Student* will keep the books and manage the business.
5. Begin a new page in the cashbook, the journal, the check book, and the sales book.
6. Unless otherwise stated, *all payments* are to be made *by check*. Use a new envelope for the bank account.

Different selling price lists may be used if the instructor so desires. The following table provides twenty-five such lists:

for **May and June**

12	13	14	15	16	17	18	19	20	21	22	23	24	25
4.80	4.84	4.88	4.92	4.97	5.02	5.07	5.12	5.17	4.77	4.81	4.85	4.89	4.93
9.05	9.09	9.13	9.17	9.22	9.27	9.32	9.37	9.42	9.02	9.06	9.10	9.14	9.18
8.05	8.09	8.13	8.17	8.22	8.27	8.32	8.37	8.42	8.02	8.06	8.10	8.14	8.18
1.05	1.09	1.13	1.17	1.22	1.27	1.32	1.37	1.42	1.02	1.06	1.10	1.14	1.18
5.05	5.09	5.13	5.17	5.22	5.27	5.32	5.37	5.42	5.02	5.06	5.10	5.14	5.18
8.05	8.09	8.13	8.17	8.22	8.27	8.32	8.37	8.42	8.02	8.06	8.10	8.14	8.18
21.05	21.09	21.13	21.17	21.22	21.27	21.32	21.37	21.42	21.02	21.06	21.10	21.14	21.18
3.30	3.34	3.38	3.42	3.47	3.52	3.57	3.62	3.67	3.27	3.31	3.35	3.39	3.43
1.65	1.69	1.73	1.77	1.82	1.87	1.92	1.97	2.02	1.62	1.66	1.70	1.74	1.78
7.55	7.59	7.63	7.67	7.72	7.77	7.82	7.87	7.92	7.52	7.56	7.60	7.64	7.68
6.05	6.09	6.13	6.17	6.22	6.27	6.32	6.37	6.42	6.02	6.06	6.10	6.14	6.18
4.05	4.09	4.13	4.17	4.22	4.27	4.32	4.37	4.42	4.02	4.06	4.10	4.14	4.18
30.05	30.09	30.13	30.17	30.22	30.27	30.32	30.37	30.42	30.02	30.06	30.10	30.14	30.18
13.05	13.09	13.13	13.17	13.22	13.27	13.32	13.37	13.42	13.02	13.06	13.10	13.14	13.18
16.05	16.09	16.13	16.17	16.22	16.27	16.32	16.37	16.42	16.02	16.06	16.10	16.14	16.18
12.05	12.09	12.13	12.17	12.22	12.27	12.32	12.37	12.42	12.02	12.06	12.10	12.14	12.18
6.05	6.09	6.13	6.17	6.22	6.27	6.32	6.37	6.42	6.02	6.06	6.10	6.14	6.18

INCOMING BUSINESS FORMS FOR MAY

NOTE. Please read the instructions given under the *Incoming Business Forms for March* and apply them to the work of Set IV.

Form 1. Invoice of Turner & Moss, City, May 2. Terms: cash.

10 doz. Carpenter's Chisels	20 sets Knives and Forks
6 Copying Presses	4 doz. Mortise Locks
10 Grindstones	1 doz. Planes, #4
3 doz. Handsaws	

Form 2. Bill of H. L. Mills, City, May 4. Terms: cash.

Set Office Books, \$12	Stationery, \$3
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Form 3. Invoice of Wilder & Chase, City, May 7. Terms: 1/2 in 3 da., balance in 10 da.

8 doz. Coal Hods	5 doz. Lanterns
12 doz. Door Knobs	10 kegs Nails
15 doz. Hammers	2 doz. Planes, #4
10 Ice-cream Freezers	5 doz. Carpenter's Chisels

Form 4. Invoice of Dunn & Sanford, City, May 9. Terms: 10 da.

10 doz. Railroad Picks	12 doz. Steel Axes
6 doz. Steelyards	20 doz. Try-squares

Form 5. Check of Strong & Hunter, City, for \$117.75, in your favor, May 11.

Form 6. Invoice of Turner & Moss, City, May 14. Terms: on account.

12 doz. Carpenter's Chisels	6 doz. Hammers
10 doz. Coal Hods	6 Ice-cream Freezers
15 Copying Presses	6 doz. Handsaws
20 doz. Door Knobs	10 Grindstones
10 sets Knives and Forks	

Form 7. Invoice of Wilder & Chase, City, May 16. Terms: on account.

10 doz. Lanterns	10 kegs Nails
6 doz. Mortise Locks	6 doz. Planes, #4

Form 8. Invoice of Dunn & Sanford, City, May 20. Terms: 1/30.

10 doz. Railroad Picks	6 doz. Steel Axes
6 doz. Steelyards	10 doz. Try-squares

The terms given mean that 1% will be taken off the face of the invoice if it is paid within 30 da.

Form 9. Check of Strong & Hunter, City, for \$150, in your favor, May 23.

Form 10. Check of John H. Sand, City, for \$200, in your favor, May 30.

In Set IV all merchandise is to be bought at the following prices:

ARTICLE AND QUANTITY		COST
Carpenter's Chisels, $\frac{1}{2}$ -in., doz.		\$3.75
Coal Hods, "		7.50
Copying Presses, each		6.00
Door Knobs, doz.		.75
Grindstones, each		3.75
Hammers, doz.		6.00
Handsaws, "		18.00
Ice-cream Freezers, each		2.50
Knives and Forks, set		1.25
Lanterns, doz.		6.00
Mortise Locks, "		4.50
Nails, 8d, wire, keg		3.00
Planes, #4, doz.		24.00
Railroad Picks, 9-lb., "		10.00
Steelyards, "		12.00
Steel Axes, "		9.00
Try-squares, 6-in., "		4.50

MEMORANDA OF TRANSACTIONS

May 1. Student and James A. Hart begin a General Hardware business, investing cash, \$3000. Each partner invests \$1500.

Place the above memorandum in the journal, *but make no journal entry*. Receive the currency from the instructor. Make the following entry in the cashbook:

Cash Receipts

May 1	(Student)	Investment	1500	—	
	James A. Hart	Investment	1500	—	

1. Deposit all currency in The Union Bank, under the firm name.

In the pass book, above the *student's* name, write the firm name, *Student & Hart*.

May 1. You have entered into an agreement with Wm. H. Kellogg for the rental of his store, at 266 Broad Street, at \$50 per month.

No entry is required. A memorandum of this agreement may be made and filed with the incoming papers.

Engage Henry Lakey as a clerk at \$35 per month.

2. Buy of Turner & Moss, City, for cash, merchandise as per invoice, Form 1.

Examine and check the invoice. Write a check in payment. Enter in the purchase book and the cashbook, and check in each.

3. Give Wm. H. Kellogg a check for rent of the store for May.

This check will be No. 1. Now that you are engaged in a partnership business, how are checks to be signed?

4. Buy of H. L. Mills, City, for cash, books and stationery, as per bill, Form 2.

Remember, *all* cash payments are made by check unless otherwise noted.

5. W. D. Mendon, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: cash.

4 doz. Carpenter's Chisels at \$4.75	1 doz. Handsaws at \$21
3 Copying Presses at \$8	5 sets Knives and Forks at \$1.60
4 Grindstones at \$5	2 doz. Mortise Locks at \$6

Record the invoice in the sales book and the cashbook, and check in each. Begin a new page in the sales book.

Receipt the invoice and receive the currency.

6. Hall & Son, City, place an order for the following goods. Fill the order. Terms: on account.

3 doz. Carpenter's Chisels	6 sets Knives and Forks
1 doz. Planes, #4	2 Copying Presses

7. Buy of Wilder & Chase, City, merchandise as per invoice, Form 3. Terms: 1/2 in 3 da.; balance in 10 da.

7. Deposit currency, \$100.

8. Strong & Hunter, City, place an order for the following goods. Fill the order at the prices given herewith. Terms: on account.

4 doz. Coal Hods at \$9	5 doz. Hammers at \$8
3 kegs Nails at \$4	3 Ice-cream Freezers at \$3.25
5 doz. Door Knobs at \$1	2 doz. Lanterns at \$7.50

9. Buy of Dunn & Sanford, City, at 10 da., merchandise as per invoice, Form 4.

May 9. Withdraw by check \$15, to be used for sundry office expenses.

Write this check to the order of *Cash*. No entry is required because no cash has been paid out. Place the currency in the *Business Cash* envelope. This is called a *cash check*.

10. Remit Wilder & Chase a check for one half the invoice of May 7.

If there is a half cent in the division, call it one cent; always reckon the odd cent on the first transaction.

10. Pay S. H. Lyman, in currency, \$5 for cleaning the store and basement.

11. Receive of Strong & Hunter their check for invoice of May 8, Form 5.

Examine the check; if correct, enter the amount in the cashbook. Place the check in the *Business Cash* envelope.

12. Give each partner a check for \$50, for his personal use.

Write your check as follows: Pay to the order of *Student*.

Make your partner's check payable to his own name.

Sign each check with the *firm name*, as usual.

Enter in the cashbook as payments, under each partner's name as a withdrawal. Place the currency in the *Personal Cash* envelope.

13. L. P. Austin, City, places an order for the following goods. Fill the order. Terms: on account.

5 doz. Railroad Picks	5 doz. Try-squares
2 doz. Steelyards	5 doz. Hammers
6 doz. Steel Axes	3 Ice-cream Freezers

14. Buy of Turner & Moss, City, on account, merchandise as per invoice, Form 6.

15. Deposit the check on hand.

15. Wilson & Barton, City, place an order for the following goods. Fill the order. Terms: 10 da.

10 doz. Door Knobs	3 Ice-cream Freezers
3 doz. Hammers	6 sets Knives and Forks
2 doz. Handsaws	4 doz. Carpenter's Chisels

16. Buy of Wilder & Chase, City, on account, merchandise as per invoice, Form 7.

17. Remit Wilder & Chase a check for the balance of the invoice of May 7.

Note the amount paid on this invoice on May 10.

May 18. John Howe, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: cash.

4 doz. Lanterns at \$7.50	5 kegs Nails at \$4
3 doz. Mortise Locks at \$6	3 doz. Planes, #4, at \$30

Record in the sales book and the cashbook, and check in each.

19. Strong & Hunter, City, place an order for the following goods. Fill the order. Terms: on account.

6 doz. Carpenter's Chisels	8 doz. Door Knobs
4 doz. Coal Hods	4 Grindstones
5 Copying Presses	3 doz. Hammers
3 doz. Handsaws	5 sets Knives and Forks

20. Buy of Dunn & Sanford, City, merchandise as per invoice, Form 8. Terms: 1/30.

21. Receive of L. P. Austin cash, on the invoice sold to him on May 13, \$100.

Write the receipt and receive the currency.

22. John H. Sand, City, places an order for the following goods. Fill the order. Terms: on account.

6 doz. Railroad Picks	5 kegs Nails
5 doz. Steelyards	5 Ice-cream Freezers
10 doz. Try-squares	4 doz. Lanterns
3 Grindstones	6 doz. Carpenter's Chisels

23. Receive of Strong & Hunter their check for \$150, to apply on the invoice of May 19, Form 9.

24. Deposit the check on hand, and currency, \$200.

Remember, you must indorse all checks that you deposit.

24. Remit Dunn & Sanford a check for the amount of the invoice bought of them on May 9.

25. Receive of Wilson & Barton cash, for the amount of the invoice sold them on May 15.

Remember the receipt.

26. Give Wilder & Chase your note, at 15 da., with interest, for the invoice of May 16.

Write the note and make the journal entry. The invoice should be receipted as follows: *Paid by note at 15 da., Wilder & Chase.*

May 27. P. D. Anson, City, places an order for the following goods. Fill the order. Terms: 10 da.

3 doz. Coal Hods	5 Grindstones
5 Copying Presses	2 doz. Hammers
4 doz. Door Knobs	1 doz. Handsaws

27. Give Turner & Moss a check for one half of the invoice bought of them on May 14.

28. Receive of Hall & Son cash, to apply on the invoice sold them on May 6, \$50.

29. L. P. Austin, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: 3/10, n/30.

4 sets Knives and Forks at \$1.60	3 doz. Mortise Locks at \$6
3 doz. Lanterns at \$7.50	4 kegs Nails at \$4

29. Wilson & Barton, City, place an order for the following goods. Fill the order. Terms: on account.

2 doz. Planes, #4	2 doz. Steelyards
4 doz. Railroad Picks	4 doz. Steel Axes

30. Receive of John H. Sand his check to apply on account, \$200, Form 10.

31. Deposit the check and all currency on hand.

31. Give Henry Lakey, your clerk, a check for his salary, \$35.

Make the monthly bank statement.

Before closing the different books, hand them to the instructor for inspection and approval.

Record the following in the journal, in the usual form, at the cost price:

INVENTORIES, MAY 31, 19—

Merchandise:

4 doz. Carpenter's Chisels	2 doz. Lanterns
7 doz. Coal Hods	2 doz. Mortise Locks
6 Copying Presses	3 kegs Nails
5 doz. Door Knobs	3 doz. Planes, #4
4 Grindstones	5 doz. Railroad Picks
3 doz. Hammers	3 doz. Steelyards
2 doz. Handsaws	8 doz. Steel Axes
2 Ice-cream Freezers	15 doz. Try-squares
4 sets Knives and Forks	

Expense:

Office Books and Stationery	\$12
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CLOSING THE WORK FOR MAY

Look over the closing of each book in April, and then close the books.

Post to the ledger, beginning on a new page; allow one third of a page for each account.

There are *two* proprietors in this set; their accounts should be on the first page of the ledger.

Foot the ledger accounts.

Take a trial balance; after approval, record it in Blank No. 1, on the page indicated by the index.

Make the usual statements, and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

Close the ledger as follows:

1. Close the *Merchandise* and *Expense* accounts to the *Loss and Gain* account.

2. As there are two proprietors in this set, divide the gain equally between them, and close the *Loss and Gain* account as shown in the following model:

Loss & Gain

May 31	Expense	3	50 -	May 31	Mass.	4	19720
31	Student Net Gain	1	73 60				
31	J. A. H. Net Gain	1	73 60				
			19720				19720

Take a second trial balance.

Submit all work to the instructor for approval.

After receiving your monthly bank statement, check the stubs of your check book.

EXERCISE 47

A WRITTEN REVIEW

The following review exercises are suggested:

- Journalize orally or in writing each transaction in May.
- On loose sheets of paper write Set I, page 41, as follows: Enter all cash items in the cashbook; journalize all other items; post to the ledger, three accounts to the page; take a trial balance; make the usual statements; close the ledger; take a second trial balance.

SET IV. MAY AND JUNE

GENERAL HARDWARE—WORK FOR JUNE

The following memoranda are a continuation of the memoranda for May, representing a partnership business.

Directions and Suggestions. The following general directions should be observed:

1. Use the same price list and the same books as in May.
2. Begin a new page in the journal. In the sales book leave a space of three lines, then write the first sale in June under the last sale in May.
3. The balance brought down from the May cashbook; under June 1, is to be reckoned with the cash receipts in June. Use a new envelope for the bank account. Record the balance at the head of the deposit column.

INCOMING BUSINESS FORMS FOR JUNE

Form 11. Invoice of Wilder & Chase, City, June 3. Terms: 2/10, n/30.

6 doz. Carpenter's Chisels	5 doz. Hammers
10 doz. Door Knobs	6 doz. Handsaws
6 Grindstones	

Form 12. Invoice of Dunn & Sanford, City, June 5. Terms: on account.

6 Ice-cream Freezers	10 doz. Mortise Locks
12 sets Knives and Forks	20 kegs Nails
10 doz. Lanterns	6 doz. Planes, #4

Form 13. Check of Arnold & Davis, City, for \$100, in your favor, June 5.

Form 14. Note of P. D. Anson, City, for \$100, in your favor, at 10 da., with interest, June 6.

Form 15. Bill of H. L. Mills, City, June 9. Terms: cash.

Office Stationery, \$6.75

Form 16. Invoice of Turner & Moss, City, June 12. Terms: 1/2 cash; balance in 30 da.

10 doz. Carpenter's Chisels	6 Grindstones
5 doz. Coal Hods	6 doz. Hammers
6 Copying Presses	5 doz. Handsaws
6 doz. Door Knobs	

Form 17. Check of L. P. Austin, City, for \$71.50, in your favor, June 14.

Form 18. Invoice of Wilder & Chase, City, June 15. Terms: 1/2 cash; balance in 30 da.

6 Ice-cream Freezers	12 doz. Mortise Locks
10 sets Knives and Forks	20 kegs Nails
6 doz. Lanterns	5 doz. Planes, #4

Form 19. Invoice of Turner & Moss, City, June 21. Terms: 1/2 cash; balance in 10 da.

12 doz. Railroad Picks	6 doz. Steel Axes
8 doz. Steelyards	10 doz. Try-squares

Form 20. Check of P. D. Anson, City, for \$100, in your favor, June 25.

MEMORANDA OF TRANSACTIONS

June 1. Give Wm. H. Kellogg a check for rent of the store for June, \$50.

2. Receive of Hall & Son cash for the balance of the invoice of May 6.

2. Give Turner & Moss your note at 15 da. for the balance of the invoice of May 14.

3. Buy of Wilder & Chase, City, merchandise as per invoice, Form 11. Terms: 2/10, n/30.

4. Hall & Son, City, place an order for the following goods. Fill the order. Terms: 30 da.

4 doz. Coal Hods	3 doz. Carpenter's Chisels
2 Copying Presses	3 doz. Hammers
3 doz. Handsaws	5 doz. Try-squares

5. Buy of Dunn & Sanford, City, on account, merchandise as per invoice, Form 12.

5. Arnold & Davis, City, place an order for the following goods. Fill the order at the prices given herewith. Terms: cash, \$100; balance in 15 da.

3 Ice-cream Freezers at \$3.25	5 doz. Lanterns at \$7.50
3 doz. Try-squares at \$6	6 doz. Mortise Locks at \$6
8 sets Knives and Forks at \$1.60	2 doz. Planes, #4, at \$30

Enter in the sales book. Receive their check for \$100, Form 13, and enter it in the cashbook. Do not check in either book. Why? Under what name is the check entered?

6. Receive of L. P. Austin cash for the balance of the invoice of May 18.

June 6. Receive of P. D. Anson his note at 10 da., with interest, Form 14.

Remember to begin a new page in the journal.

6. Receive of Strong & Hunter cash for the balance of the invoice of May 19.

6. Deposit the check on hand, and currency, \$200.

8. Receive of L. P. Austin cash for the invoice of May 29, less 3%.

The allowance of 3% on this invoice for early payment is called *Merchandise Discount*. Such allowances are common in business.

Enter in the cashbook in this set, as follows:

RECEIPTS		PAYMENTS
L. P. Austin, Inv. 5/29	\$62.90	Mdse. Disc., Inv. 5/29, less 3% \$1.89

It is very convenient to write dates in fractional form. 5/29 means the 5th month and 29th day, — May 29.

8. Give Dunn & Sanford a check for the invoice of May 20, less 1%.

9. Pay the bill of H. L. Mills by check for office stationery, Form 15.

10. Give Wilder & Chase a check for your note, in their favor, due to-day, with interest.

11. Strong & Hunter, City, place an order for the following goods. Fill the order. Terms: 15 da.

5 doz. Door Knobs	2 doz. Handsaws
3 Grindstones	6 kegs Nails
2 doz. Hammers	4 doz. Try-squares

12. Buy of Turner & Moss, City, merchandise as per invoice, Form 16. Terms: 1/2 cash; balance in 30 da.

Enter the entire amount in the purchase book. Remember the check.

13. Give Wilder & Chase a check for the amount of the invoice of June 3, less 2%.

13. Give each partner a check for \$50, for personal use.

Sign each check with the firm name.

14. L. P. Austin, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: 1/2 cash; balance in 30 da.

4 doz. Carpenter's Chisels at \$4.75	2 Grindstones at \$5
3 Copying Presses at \$8	3 doz. Hammers at \$8
3 doz. Door Knobs at \$1	3 doz. Handsaws at \$21

Enter the invoice in the sales book. Receive a check for one half the amount, Form 17.

June 15. Buy of Wilder & Chase, City, merchandise as per invoice, Form 18. Terms: 1/2 cash; balance in 30 da.

16. Receive of P. D. Anson cash for his note and interest due to-day.

Compute the interest on the note and receive the currency. Remember, there are two entries in the cashbook. What titles will be used?

16. Deposit the check on hand, and currency, \$200.

17. Give Turner & Moss a check for your note, in their favor, due to-day.

19. V. M. Furnham, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: cash.

6 kegs Nails at \$4

2 doz. Railroad Picks at \$13

20. Receive of Arnold & Davis cash for the balance of the invoice of June 5.

21. Buy of Turner & Moss, City, merchandise as per invoice, Form 19. Terms: 1/2 cash; balance in 10 da.

22. Wilson & Barton, City, place an order for the following goods. Fill the order. Terms: cash, \$75; balance in 10 da.

5 doz. Carpenter's Chisels

5 Grindstones

3 doz. Coal Hods

3 doz. Hammers

4 doz. Door Knobs

2 doz. Handsaws

22. Deposit currency, \$175.

23. Give Dunn & Sanford your note at 30 da., to apply on account, \$200.

24. John H. Sand, City, places an order for the following goods. Fill the order. Terms: cash, \$150; balance in 30 da.

6 Ice-cream Freezers

6 doz. Mortise Locks

8 sets Knives and Forks

10 kegs Nails

5 doz. Lanterns

3 doz. Planes, #4

25. P. D. Anson, City, places an order for the following goods. Fill the order. Terms: cash, \$100; balance in 10 da.

5 doz. Railroad Picks

4 doz. Steel Axes

5 doz. Steelyards

3 doz. Try-squares

Receive his check for \$100, Form 20.

26. Receive of Strong & Hunter cash, for the invoice of June 11.

26. Deposit the check on hand, and currency, \$250.

27. Strong & Hunter, City, place an order for the following goods. Fill the order. Terms: 10 da.

3 doz. Railroad Picks

4 doz. Try-squares

10 kegs Nails

2 doz. Steel Axes

June 28. Henry Zaner, City, places an order for the following goods. Fill the order at the price given herewith. Terms: cash.

6 kegs Nails at \$4

29. Prepay your note in favor of Dunn & Sanford, issued on June 23, by giving them a check for the net proceeds.

A corresponding transaction is fully explained under April 28.

29. Hall & Son, City, place an order for the following goods. Fill the order. Terms: on account.

2 Copying Presses

3 Ice-cream Freezers

3 Grindstones

2 doz. Handsaws

30. Give Henry Lakey, your clerk, a check for his salary, \$35.

30. Deposit all currency on hand.

30. Withdraw, by check, the balance on deposit in The Union Bank.

Write the check payable to the order of *Cash*. The reasons for this withdrawal were given at the close of April. *No entry is required.*

Make the monthly bank statement.

Hand all books to the instructor for inspection and approval.

Record the following in the journal, in the usual form, at the cost price:

INVENTORIES, JUNE 30, 19—

Merchandise:

8 doz. Carpenter's Chisels

8 doz. Lanterns

5 doz. Coal Hods

12 doz. Mortise Locks

5 Copying Presses

5 kegs Nails

9 doz. Door Knobs

9 doz. Planes, #4

3 Grindstones

7 doz. Railroad Picks

3 doz. Hammers

6 doz. Steelyards

1 doz. Handsaws

8 doz. Steel Axes

2 Ice-cream Freezers

6 doz. Try-squares

10 Sets Knives and Forks

Expense:

Office Books and Stationery

\$12.50

CLOSING THE WORK FOR JUNE

Close the different books.

May and June constitute one set of books; therefore the work for June will be posted to the same accounts as that for May.

Foot the ledger accounts.

Take a trial balance; after approval, record it in Blank No. 1, on the page indicated by the index.

Make the usual statements, and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

Open a new *Loss and Gain* account; close the ledger.

Refer to the *Loss and Gain* account in May for a suggestion as to the proper division of the gain between the partners.

Take a second trial balance.

Submit all work to the instructor for approval.

After receiving your monthly bank statement, check the stubs of your check book.

EXERCISE 48

A WRITTEN REVIEW

The following review exercises are suggested:

1. Journalize orally or in writing each transaction in June.
2. On loose sheets of paper write Set II, page 51, as follows: Use the cashbook, the journal, the purchase book, the sales book, and the ledger. Complete the set in every detail and pass it to the instructor.
3. The following written test in business forms: Write from memory on blank paper, cut to the proper size, the following business forms; make the entry for each party.
 - a. *A Promissory Note.* May 27, *Student* gives Henry S. Miller a 30-day promissory note, bearing interest at 6%, payable at Second National bank. Face of the note, \$237.50.
 - b. *A Promissory Note.* June 16, *Student* receives of Adam H. Freeman a 60-day promissory note, without interest, payable at Union National Bank. Face of the note, \$348.20.
 - c. *A Check.* On May 15, *Student* receives of Howard & Co. a check drawn on the City National Bank for \$88.40.

EXERCISE 49

SET G. GRAIN

This set is given as an optional review set, or it may be used for additional work by those students who finish the regular sets in advance of the class.

The books used are the journal, the cashbook, the sales book, the purchase book, and the ledger. Loose sheets of journal paper and ledger paper should be used for recording the transactions. Allow one third of a page for each account in the ledger.

MEMORANDA OF TRANSACTIONS

June 1. *Student* and Wm. G. Allston begin the Grain and Seed business, investing cash, \$2000. Each partner invests \$1000.

2. Pay Edward S. Green by check, for rent of the store for 1 mo., \$50.

3. Buy of Wm. S. Duncan by check:

500 bu. Wheat at 90¢

600 bu. Corn at 43¢

4. Sell Harvey & Co. for cash:

200 bu. Wheat at \$1.10

150 bu. Corn at 50¢

5. Buy of E. S. Harlan on account:

1000 bu. Oats at 32¢

6. Pay T. J. Coleman by check, for a set of office books, stationery, and supplies, \$22.50.

6. Sell Graves & Co. on account:

250 bu. Corn at 51¢

400 bu. Oats at 38¢

8. Pay E. S. Harlan by check, on account, \$200.

9. Buy of Richard F. Goodman on account:

500 bu. Corn at 44¢

10. Sell Henry P. Dutton on account:

150 bu. Wheat at \$1.12

100 bu. Corn at 50¢

200 bu. Oats at 39¢

11. Buy of S. M. Collins by check:

400 bu. Wheat at 92¢

12. Pay Reading & Co. by check, for an office safe, \$75.

13. *Student* withdraws cash, for personal use, \$50.

13. Wm. G. Allston withdraws cash, for personal use, \$50.

15. Give E. S. Harlan your note, with interest, at 10 da., \$120.

16. Receive of Graves & Co. their check, on invoice of June 6, for \$175.

17. Give Richard S. Goodman your check for the invoice of June 9.

18. Receive of Henry P. Dutton his check for the invoice of June 10.

19. Sell Kelsey & Co. on account:

200 bu. Wheat at \$1.15

100 bu. Corn at 50¢

200 bu. Oats at 37½¢

20. Receive of Graves & Co. their check for the balance of the invoice of June 6.

June 22. Sell Graves & Co. on account, 2%, 10 da.:

200 bu. Wheat at \$1.10	200 bu. Corn at 50¢
100 bu. Oats at 38¢	

23. Buy of Geo. M. Barber on account:

500 bu. Oats at 33¢

24. Sell Henry P. Dutton on account:

50 bu. Wheat at \$1.12	200 bu. Oats at 39¢
------------------------	---------------------

25. Pay E. S. Harlan by check for your note and interest due to-day.

26. Receive of Graves & Co. their check for the invoice of June 22, less 2%.

27. Pay Geo. M. Barber by check, on account, \$100.

27. Buy of E. S. Harlan on account:

300 bu. Wheat at 91¢

29. Receive of Henry P. Dutton his check, on account, \$75.

30. Receive of Kelsey & Co. their note, with interest, at 30 da., \$250.

30. Pay Fred A. Walker, your clerk, by check, one month's salary, \$30.

INVENTORIES, JUNE 30, 19—

Merchandise:

400 bu. Wheat at 90¢

300 bu. Corn at 43¢

400 bu. Oats at 32¢

Expense:

Office Books and Stationery, \$20

Office Safe at Cost

EXERCISE 50

CONSIGNMENTS

A fruit grower in Oregon may send a quantity of apples to a merchant in New York, who will act as agent in selling the apples. This agent is called a **Commission Merchant**.

The quantity of apples received is called the **Consignment**; the one who sent the apples, the **Consignor**; the commission merchant who received them, the **Consignee**; the itemized statement sent by the consignee to the consignor, the **Account of Sales**.

After the apples are sold, the merchant deducts a certain per cent of the sales as his **Commission**, pays all the other charges, and remits the balance.

The following transactions afford illustrations of the application of debit and credit to this kind of business. Journalize each transaction.

MEMORANDA

July 1. Henry Brown, a commission merchant of New York, received a consignment of pineapples from the Day Porto Rican Fruit Company, Manati, Porto Rico, by the steamer *Coamo*, to be sold, on their account and risk, as follows:

100 crates 36's	100 crates 30's
100 crates 24's	100 crates 18's

No debit and no credit entry for this, simply a memorandum.

36's, 24's, etc., set forth the number of pineapples in each crate, and indicate the size of the fruit.

2. The freight charges, \$0.482 per crate, were paid by check to the New York & Porto Rican Steamship Company.

Charge the Day Porto Rican Fruit Company for the amount of this check.

3. Upon examination it was found that some of the fruit was damaged, and the entire shipment was repacked at a charge of 2¢ per crate. The following were the losses:

3 crates 36's	2 crates 30's
2 crates 24's	1 crate 18's

Charge the *Company* and credit *Labor*.

The charge is for the *total* number of crates.

4. Sold H. B. Smith on account:

50 crates 36's at \$2.90	50 crates 24's at \$3.25
--------------------------	--------------------------

5. Sold J. B. Conley for cash, less 2%:

47 crates 36's at \$2.90	50 crates 30's at \$3.10
--------------------------	--------------------------

Charge the net amount.

6. Sold C. H. White on account:

48 crates 30's at \$3.15	50 crates 18's at \$3.60
--------------------------	--------------------------

7. Sold P. C. Wilson for cash:

48 crates 24's at \$3.20	49 crates 18's at \$3.50
--------------------------	--------------------------

July 8. The company is charged for the following items:

Labor, \$4; cartage, 2¢ per crate; commission, 10% on the sales.

Credit the accounts named.

9. A check is remitted for the net amount due the Day Porto Rican Fruit Company. Make the necessary entry for this remittance.

DRAFTS

NOTE. A brief study of the commercial sight draft and the bank draft is introduced at this stage of the student's work for the convenience and accommodation of those instructors who desire to take up the study of drafts, in a brief way, in connection with the introductory work of the text.

Study the following illustration, giving particular attention to the relation that the different parties bear to each other.

Chas. H. Hardy, Hartford, Conn., owes Geo. H. Allen, Chicago, Ill., \$500. Amos R. Graham, Chicago, Ill., owes Chas. H. Hardy the same amount. What may Chas. H. Hardy do to serve his own convenience, and at the same time save Amos R. Graham the trouble of sending the money from Chicago to Hartford?

Chas. H. Hardy writes an order directing Amos R. Graham to pay Geo. H. Allen \$500. Allen presents the order to Graham, and he pays it in cash. Does this accomplish the same result as if Graham had sent the money to Hardy, and Hardy had sent it to Allen?

Whom should Chas. H. Hardy debit? Whom should he credit?

Whom should Geo. H. Allen credit? What should he debit?

Whom should Amos R. Graham debit? What should he credit?

A **Commercial Draft** is a written order in which one person directs another to pay a specified sum of money to the order of himself, or to the order of a third person.

The primary *object* of commercial drafts is to effect the settlement of debts without the risk or the inconvenience of transmitting money.

There may be either three parties or two parties to a draft.

The **Original Parties** to a three-party draft are:

The **Drawer**, the one who draws the draft;

The **Drawee**, the one on whom the draft is drawn.

The **Payee**, the one to whom the order is made payable.

Many commercial drafts are drawn as a means of collecting debts, and a large number of them are dishonored. Unless there is a special reason, such as dealing with a delinquent debtor, a draft should not be drawn without a previous arrangement or an understanding between the persons. Without such notice, a draft ordinarily has no more significance than the sending of a monthly statement of account.

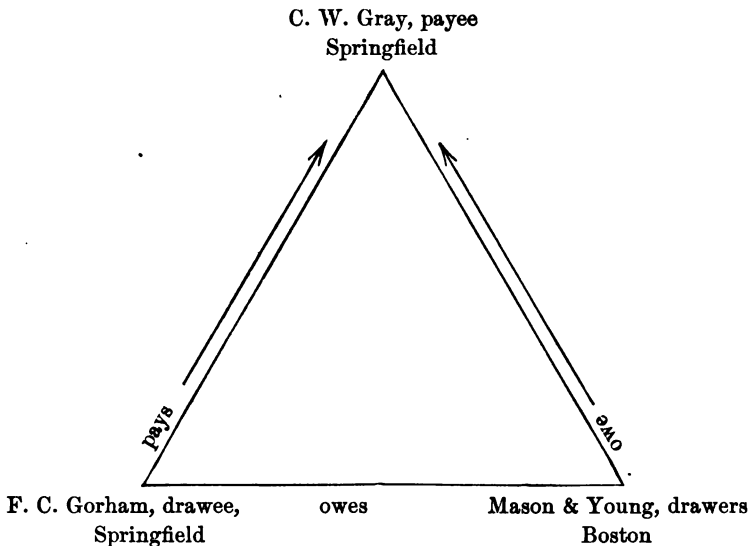
Sight Paper is paper payable on presentation.

The following is the usual form of a *sight draft*.

Sight Draft

\$ <u>500⁰⁰</u>	<u>Boston, Mass. May 3, 19--</u>
<u>At sight</u>	Pay to the order of
<u>C. W. Gray</u>	
<u>Five Hundred⁰⁰/₁₀₀</u>	Dollars
Value received and charge to account of	
To <u>F. C. Gorham</u>	
No. <u>12</u> Due <u>Springfield Mass.</u>	<u>Mason & Young</u>

Study this sight draft in connection with the following diagram :



The persons to a three-party commercial draft usually bear the following relation to each other :

The Drawee generally owes the drawer ;

The Drawer generally owes the payee ;

The Payee and the drawee bear no relation to each other.

The drawee and the payee usually live in the same place.

While not bound to do so, the drawer usually notifies the drawee before or at the time of drawing the draft.

It is customary to send it to the payee, and he presents it to the drawee.

The Drawer's Entry. Mason & Young mail the following draft to C. W. Gray, and make this journal entry:

Mason & Young's Journal

C. W. Gray	Drew a sight draft	500	
F. C. Gorham	on F. C. & and remitted it to C. W. Gray		500
	on acct.		

Mason & Young have given C. W. Gray an order equivalent to \$500 cash, when presented to Gorham; therefore they should *debit* Gray.

When F. C. Gorham pays the sight draft, he gets out of Mason & Young's debt, \$500. He gave the money to Gray, but *for the account of Mason & Young*; therefore Mason & Young will *credit* F. C. Gorham.

The Payee's Entry. Immediately upon the receipt of this draft Gray will take it to F. C. Gorham and receive the cash, or deposit it in his bank for collection and credit. Gray will get the cash, \$500; he will make this cashbook entry on the left side:

Gray's Cashbook

May 4	Mason & Young	Sight draft on acct.	500	
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The cash received by Gray came from Mason & Young through Gorham; therefore Gray should *credit* Mason & Young.

The Drawee's Entry. When the draft is presented to Gorham, he will pay it, and make this cashbook entry on the right side:

Gorham's Cashbook

May 4	Mason & Young	Pd. their sight draft	500	
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Gorham paid Gray \$500, but he paid one of his debts to Mason & Young, and thus got out of their *debt*; therefore he should *debit* them.

The three-party draft is not used so frequently as formerly.

The Two-Party Draft; its General Uses. Business men frequently employ the sight draft as an aid in the collection of accounts that are past due. For example, suppose Edgar McMickle, Paterson, N.J., owes

Wilbert, Closs & Co., Springfield, Mass., \$260.50. The account is past due, and Wilbert, Closs & Co. want the money. They will, after proper notice, draw the following draft:

\$ 260 ⁰⁰	Springfield, Mass. July 3, 19--
At sight	Pay to the order of
Ourselves.	
Two Hundred Sixty 1/100	Dollars
Value received and charge to account of	
To Edgar McMickle	Wilbert, Closs & Co.
No. 132 Due Paterson, N.J.	

Wilbert, Closs & Co. will indorse the draft and leave it with the Springfield National Bank for collection. As they have no account with a Paterson bank, they will again indorse the draft and forward it to the Chemical National Bank of New York City, with whom they have a regular account. The following indorsements will appear on the back of the draft.

Pay to the order of Springfield National Bank	per W. Wilbert, Closs & Co.	PAY TO THE ORDER OF CHEMICAL NATIONAL BANK NEW YORK	Frank Watson Cashier
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The blank indorsement, simply the name, is but little used in business. Banks insist on the use of the full indorsement.

A number of indorsements that are common in business are illustrated and explained on page 90.

The Chemical National Bank will collect the money from McMickle through a bank in Paterson, and then notify the Springfield National Bank that the draft has been collected and the amount credited. The Springfield National Bank notifies Wilbert, Closs & Co. that the proceeds have been credited.

The following are the entries for this draft:

The Drawer's Entry. Wilbert, Closs & Co. make this entry on the left side of their cashbook:

Wilbert, Closs & Co.'s Cashbook

July 3	Edgar McMickle	Deposited sight draft	260	50
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Should the bank make a charge for collecting this draft, the amount of such a charge would appear on the right side of the above cashbook.

The Drawee's Entry. When Edgar McMickle pays the draft, he will debit Wilbert, Closs & Co. on the right side of his cashbook, as follows:

McMickle's Cashbook

July 5	Wilbert, Closs & Co.	Pd their sight dft	260	50
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From the preceding discussion the following principles are deduced regarding the entries for commercial sight drafts:

Drawer's Entry when a three-party sight draft is drawn:

Payee	Drawee
-------	--------

Drawer's Entry when he draws a sight draft in his own favor, and it is collected:

Cash	Drawee
------	--------

Payee's Entry when he receives a sight draft and collects it, on account:

Cash	Drawer
------	--------

Drawee's Entry when he pays a sight draft:

Drawer	Cash
--------	------

EXERCISE 51

WRITING DRAFTS

Write each of the following drafts, at sight, and make the entry for each party. Use the current date. The following script model shows an orderly arrangement of the work.

It is suggested that the students rule ordinary sheets of writing paper to correspond to the model on page 121, and use them when writing the drafts outlined on page 122.

Model Draft and Entries

\$300 ⁰⁰	Cleveland, O., June 17, 19-
At sight — pay to the order of	
David N. Swan	
Three Hundred ⁰⁰ / ₁₀₀	Dollars
value received and charge to account of	
To John D. Sprague,	Chas. B. Sherman
No. 16. Due	Columbus, O.

Drawer's Journal Entry

David N. Swan	Drew sight draft	500	—		
John D. Sprague	on J. D. Sprague			500	—
	and remitted it to				
	D. N. Swan on acct.				

Payee's Entry on left side of Cashbook

Chas. B. Sherman	His sight draft	500	—		
	on J. D. Sprague				

Drawer's Entry on right side of Cashbook

Chas. B. Sherman	His sight draft	500	—		
	favor D. N. Swan				

DRAWER	DRAWEE	PAYEE	AMOUNT
1. J. C. Green (Your Place)	Amos Hamilton Albany, N.Y.	L. B. Messer	\$350.
2. <i>Student</i> (Your place)	John Garson Columbus, O.	Henry F. Cook	\$402.10
3. A. B. Mentor Chicago, Ill.	<i>Student</i> (Your place)	Carl V. Martin	\$378.50
4. David M. Gay Alton, Ill.	John A. Saxon (Your place)	<i>Student</i>	\$1200.

5. You owe Ralph M. Wells, New York, \$400, and Geo. M. Warren, New York, owes you \$500. Draw a sight draft and make the required entries, assuming that the draft will be paid on presentation.

6. F. A. Wright, Atlanta, Ga., owes you \$42.50 on account. Draw a sight draft on him, in favor of yourself, indorse it, and leave it at The Union Bank for collection. In 5 da. the bank informs you that the draft has been collected. Make the entries.

7. The Union Bank presents a sight draft drawn by O. M. Howe, Denver, Colo., on you, in favor of himself, for \$104.25. Pay it by check and make the entries.

When you pay a sight draft drawn on you, the draft should be canceled and kept as a receipt.

8. Frank Weeks, Austin, Texas, owes you \$200 on account. Draw a sight draft on him, in favor of yourself, for that amount, indorse it, and leave it at the First National Bank for collection. In 6 da. the bank informs you that the draft has been collected. Make the entries.

9. The First National Bank presents a sight draft drawn by L. W. Stacey, Peoria, Ill., on you, in favor of himself, for \$100. Pay it by check and make the entries.

REVIEW QUESTIONS

1. Define commercial draft. 2. State the object of drafts. 3. What names are given to the parties to a draft? 4. What is the drawer's entry when he draws a sight draft on A in favor of B? 5. What is the payee's entry for a sight draft received and collected? 6. What is the drawee's entry for a sight draft paid? 7. Do all drafts have three distinct parties? Explain. 8. How is a sight draft used to collect a debt? 9. Is it wise to draw on a good customer without notifying him in advance? Why? 10. How would you indorse a sight draft left at The Union Bank for collection?

Commercial Time Drafts are used in business, but not so extensively as **Sight Drafts**; these time drafts will be discussed in a more advanced portion of this text.

BANK DRAFTS

Business men usually keep an account with a bank and make a large proportion of their payments by check. However, they find it necessary sometimes to make payment to persons or firms who do not care to give credit for private checks, and then some other form of transfer must be used. A very common and convenient form of remittance is by means of a check of one bank upon another. This is called a **Bank Draft**.

Suppose that C. C. Canan, Boston, Mass., wishes to buy a bill of goods of Jordan, Marsh & Co., New York, amounting to \$400.60. If his financial standing is unknown to Jordan, Marsh & Co., he should not send his personal check. He therefore draws the following check and exchanges it at his bank for a New York draft.

Check to pay for Bank Draft

Boston, Mass., July 16, 19— No. 365

Traders National Bank

Pay to the order of *N. Y. draft (\$400.60) Exch. (50¢) \$ 401.10*

Four Hundred One 10/100 ————— Dollars

C. C. Canan

The check is drawn for 50¢ more than the face of the draft, and this charge is called **Exchange**. Some banks do not make any charge to regular customers. For this check the Traders National Bank will issue the following draft:

Bank Draft

Boston, Mass., July 16, 19— No. 920

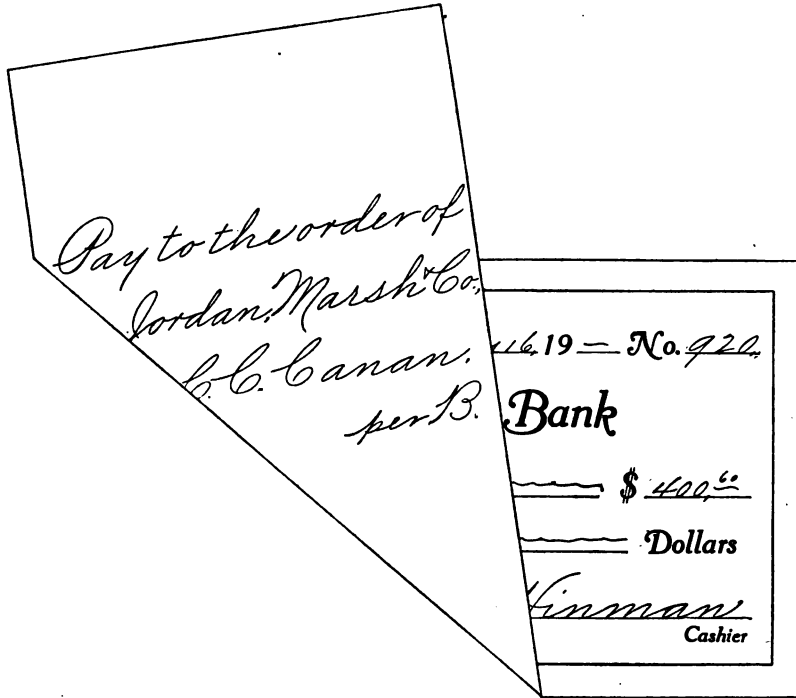
Traders National Bank

Pay to the order of *C. C. Canan —* \$ *400.60*

Four Hundred 60/100 ————— Dollars

To Chemical National Bank } *W. A. Hinman*
New York } Cashier

A bank draft is usually drawn payable to the order of the purchaser, who indorses it to the person or the firm to whom it is to be sent, as shown herewith.



In this way the name of the sender appears on the draft and he is identified as such, and the draft, when canceled, is filed and serves as a receipt.

The one who purchases a bank draft may require the name of the one to whom it is to be sent to appear as the payee.

In opening letters that contain drafts, if the name of the sender does not appear on the draft, care must be taken to keep the draft and the letter together. If his name is on the draft, it may be identified without the letter.

The Entries. The sending of this draft constitutes a cash payment by C. C. Canan to Jordan, Marsh & Co., and he makes the following entry on the right side of his cashbook:

July 16	Jordan Marsh & Co.	Dft for Inv. Mds.	400 60
16	Expense	Exchange on above	50

Upon the receipt of the draft Jordan, Marsh & Co. will make this cashbook entry on the left side:

July 7	C. C. Canan	Dft for Inv. this da	400	60
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When Jordan, Marsh & Co. make their deposit for the day they will include the draft received from Canan, *such drafts being treated as checks.*

EXERCISE 52

FOR ORAL WORK

1. Receive from Henry Belmont a bank draft to apply on account, \$750. Give your entry; give his entry. No exchange charged.
2. Receive from Green & Co. a bank draft to apply on account, \$328.40. Give your entry; give their entry. No exchange charged.
3. Buy of your local bank by check, Henry C. Lucas, Cashier, a draft on the Chemical National Bank, of New York, No. 6846, payable to your order, for \$250. Send it to Louis I. Brace in payment of your note due to-day. Give your entry; give his entry. In whose favor should this draft be drawn? Indicate the proper indorsement. No exchange charged.
4. Buy of the First National Bank, of your city, Thomas E. Gross, Cashier, a draft on the Second National Bank, of New York, No. 2378, payable to your order, for \$32.50. Indorse it and send it to the Jones Manufacturing Company for a set of office books, to be used in your office. Give your entry; give their entry. No exchange charged.

As a review, write the check and the draft called for in No. 3, and the draft called for in No. 4.

SUGGESTIONS FOR BUSINESS CORRESPONDENCE

When ordering goods it is a common practice in business to keep a duplicate of the order, and as these orders are generally made by letter, a copy of the letter is a convenient and exact record for the office file. When a bill of the goods is received, if any question arises regarding the original letter, this duplicate is available for reference.

As business correspondence is closely allied to business practice, and is commonly taught in connection with it, the script letter on page 126 is given as a suggestion to the student and to the instructor.

It is not unusual for the instructor in correspondence to select some of the orders of purchase and sale in the bookkeeping text, and ask the student to write the required letters for these orders. This plan correlates the work in correspondence very closely with the work in bookkeeping, and affords an unusual variety of material for practice in the writing of this kind of letters.

Model Letter ordering Goods

Westfield, Mass., Jan. 6, 19-
Messrs. Jones, Clark & Smith
Springfield, Mass.
Gentlemen:
Please ship us at once by fast
freight:
40 bbl. White C Sugar
20 " Standard A Sugar
20 " Fine Granulated Sugar
10 " Roller Process Flour
5 " Akron Oatmeal
Respectfully
Geo. R. Keefe

APPENDIX A

SINGLE ENTRY

Object. This set is designed to illustrate in a simple and practical way the uses of that method of bookkeeping known as **single entry**. As the student is already familiar with **double entry**, a comparison of the two methods will help him to understand single-entry bookkeeping.

Single Entry and Double Entry may be compared as follows :

The books used are very nearly the same for either method. The **sales book**, the **purchase book**, the **journal**, the **cashbook**, the **bill book**, and the **ledger** are the same in form. The general principles employed are identical.

The **statement** of resources and liabilities is the same.

The present worth and the net gain or the net loss of a business are shown by either method.

Single Entry and Double Entry may be contrasted as follows :

In double entry, the journal has both a debit and a credit record for each transaction ; in single entry, the journal has only a debit or a credit record for each transaction. (See model journal, page ii.)

In double entry *all* items in the cashbook are posted ; in single entry only items that affect personal accounts are posted. In this set these items are recorded in the *first* column of the cashbook. (See model cashbook, pages ii and iii.)

In a single-entry ledger only personal accounts are kept.

An itemized statement of losses and gains cannot be made from a single-entry ledger, as loss and gain accounts are not kept in the ledger.

In double entry the separate sources of loss and gain are clearly set forth, while single entry shows only total results and furnishes no detailed information regarding the channels through which these results were obtained.

A double-entry ledger is in balance ; a trial balance cannot be taken from a single-entry ledger, because property and other accounts not personal are not in this ledger.

Single Entry may be used to advantage in any small business, or where the business deals in few articles of purchase and sale, or where a classification of accounts relating to losses and gains is not wanted.

If books are strictly single entry, only accounts with persons are kept in the ledger ; if any other accounts appear in the ledger, the method is not strictly single entry.

As the student is familiar with the various books of record, few explanations are given in this set.

BOOKKEEPING

Cash Receipts

Jan. 1	✓	D. H. Boone	Investment			2500	
3	✓	Mdse.	Cash sale			64	
4	2	A. D. Brown	On account	132	64		
10	✓	Bills Rec.	S. Coe's note			275	
10	✓	Interest	On above			6	40
20	4	C. C. Willis	On account	38	50		
20	✓	Discount	On our note			2	35
31	✓	Personal accts.	Total	171	14	171	14
						3018	89

Model Journal

January 1, 19—

		I, D. H. Boone, commenced business with the following resources:			
1		D. H. Boone	Cr.		4800
✓		Cash	On hand	2500	
✓		Real Estate	Store and lot	2000	
✓		Bills Rec.	Per bill book	300	
		5			
2		A. S. Barnes	Cr.		250
		Received his note at 30 da., to apply on account			
		7			
3		Benjamin Harmon	Dr.		300
		Gave my note at 60 da., with interest, in full of account			

Model

Bills

NO.	DATE	DRAWER OR INDORSER	DRAWEE OR MAKER	IN WHOSE FAVOR	FOR WHAT RECEIVED
1	Dec 10		Geo. Wilson	David Easton	on acct.
2	Jan 15		Jno Harrison	David Easton	on acct.

Bills

NO.	DATE	DRAWER OR INDORSER	DRAWEE OR MAKER	IN WHOSE FAVOR	FOR WHAT GIVEN
1	Jan 12		David Easton	Jas. Selden	on acct
2	17		David Easton	Wm. Edison	on acct.

APPENDIX A

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Cash Payments

Jan. 2	✓	Expense	Rent of store			100	
5	✓	Bills Pay.	Note, favor N. Cass			360	
6	7	Amos Lees	On account	287	50		
9	✓	Expense	Office stationery			12	50
20	✓	Bills Pay.	Note, favor J. Reed			260	
24	5	D. J. Bailey	In full of account	175			
31	✓	Personal accts.	Total	462	50	462	50
31		Balance	On hand			1823	89
						3018	89

Cashbook. In the explanatory part of the text, at the beginning of this set, it was noted that the cashbook is very nearly the same in single entry as in double entry. The above form is easily understood. All items that are to be posted are placed in the first money column.

Journal. The form on page ii is a single-entry journal. As the student is now familiar with the principles of debit and credit, this form will be readily understood. Just at the left of the first money column it is necessary to write either *Dr.* or *Cr.* as a means of determining how the item is to be posted. As only personal items are posted in single entry, only the names of persons appear in the journal.

Bill Book. This book is used for recording all notes received or issued by the business. It is generally divided into two parts, one for *bills receivable* and the other for *bills payable*. A full description of all notes received or issued should be recorded in the bill book. All canceled notes should be marked *paid* in this book.

The notes recorded in the model bill book are from the single-entry set.

Bill Book

Receivable

WHERE PAYABLE	TIME	WHEN DUE			AMOUNT		WHEN AND HOW DISPOSED OF
		YEAR	MONTH	DAY			
	60 da.	19-	Feb.	8	500	-	Jan. 9 Discounted
	10 da.	19-	Jan.	25	300	-	25 Paid

Payable

WHERE PAYABLE	TIME	WHEN DUE			AMOUNT		WHEN AND HOW DISPOSED OF
		YEAR	MONTH	DAY			
	10 da.	19-	Jan.	22	470	-	Jan. 22 Paid
	15 da.	19-	Feb.	1	500	-	

MEMORANDA OF TRANSACTIONS

Directions and Suggestions. Observe the following directions and suggestions:

1. David Easton is the proprietor. *Student* acts as bookkeeper and manager.
2. No business forms are used.
3. No days of grace are allowed on any notes.
4. The business is general merchandise.

Jan. 1. The following were the resources at the beginning of the business :

Cash on hand, \$2000
Store and lot, valued at \$4000
Geo. Wilson's note, dated Dec. 10, at 60 da., \$500

Enter the preceding items in the journal. Refer to the model journal, page ii.
Enter the cash in the cashbook, second column. Record the note in the bill book.
Refer to the model bill book, pages ii and iii.

2. Bought of W. R. Story for cash :

40 bbl. Pork at \$14

Enter *Mdse.* in the cashbook, second column.

2. Paid A. R. Deneen cash, for sundry repairs, \$50.
2. Bought of James Selden on account :

50 bbl. Beef at \$17 60 bbl. Salt at \$1.50

Enter in the purchase book.

4. Sold Edward White for cash :

20 bbl. Pork at \$16

Enter *Mdse.* in the cashbook, second column.

5. Sold John Harrison on account :

20 bbl. Beef at \$18.50 10 bbl. Salt at \$1.60

Enter in the sales book.

5. Paid J. D. Russell cash, for office stationery, \$12.25.
6. Paid James Selden cash for one half the invoice of Jan. 3.
Enter in the cashbook, first column.

7. Sold Jesse Blaine on account :

10 bbl. Pork at \$16.50 10 bbl. Beef at \$19
10 bbl. Salt at \$1.62

8. Bought of William Edison on account :

25 bbl. Pork at \$13.50 30 bbl. Beef at \$16.50

APPENDIX A

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Jan. 9. Discounted Geo. Wilson's note, and received cash for the proceeds.

The term of discount is the time from the date of discount to the maturity of the note. Enter the face of the note on one side of the cashbook and the discount, under *Interest*, on the other side, each item in the second column.

10. Sold E. C. Bartlett on account:

6 bbl. Pork at \$15	10 bbl. Beef at \$18.25
---------------------	-------------------------

11. Sold Howard Stetson on account:

12 bbl. Beef at \$18.75	15 bbl. Salt at \$1.65
-------------------------	------------------------

12. Gave James Selden a note at 10 da., with interest, for the balance of the invoice of Jan. 3.

Enter the note in the journal and record it in the bill book.

12. Paid Page & Co. cash, for an office safe, \$85.

13. Sold Henry White, one half cash, balance on account:

12 bbl. Pork at \$16.25	20 bbl. Salt at \$1.70
-------------------------	------------------------

Enter the *whole* amount in the sales book, and then enter the cash received in the cash-book, first column.

14. Bought of Samuel Jones, one half cash, balance on account:

50 bbl. Beef at \$16.50	100 bbl. Salt at \$1.48
-------------------------	-------------------------

Enter the *whole* amount in the purchase book, and then enter the cash paid in the cash-book, first column.

15. Bought of H. C. Benton on account:

60 bbl. Pork at \$14.75

15. Received John Harrison's note at 10 da., with interest, for \$300, to apply on the invoice of Jan. 5.

Record in the bill book.

16. Received of Jesse Blaine cash, to apply on the invoice of Jan. 7, \$250.

17. Sold P. H. Williams on account:

25 bbl. Pork at \$16.75

17. Gave William Edison a note at 15 da., with interest, for \$500, and cash for the balance of the invoice of Jan. 8.

Enter the note in the journal and record it in the bill book. Enter the cash in the cash-book, first column.

18. Sold W. B. Emerson on account:

25 bbl. Beef at \$18.75	20 bbl. Salt at \$1.70
-------------------------	------------------------

18. Bought of Williamson & Son on account:

40 bbl. Flour at \$5.25

Jan. 19. Received of Jesse Blaine cash, for balance of the invoice of Jan. 7.
19. Received of E. C. Bartlett his note at 15 da. for \$200, and cash for the balance of the invoice of Jan. 10.

20. Sold D. V. Negley on account:

15 bbl. Flour at \$6.50

20. Received of Howard Stetson cash, for the invoice of Jan. 11.

21. Sold Thomas Fleming on account:

12 bbl. Pork at \$16.90

15 bbl. Beef at \$19

21. Sold Warren Phelps, one half cash, balance on account:

20 bbl. Pork at \$16.80

18 bbl. Beef at \$18.80

30 bbl. Salt at \$1.65

22. Paid James Selden cash, for note and interest due to-day.

Enter both the note and the interest in the cashbook, second column, and mark the note paid in the bill book.

23. Sold Jesse Blaine on account:

12 bbl. Beef at \$18.75

15 bbl. Flour at \$6.50

23. Gave the proprietor a check for private use, \$150.

Enter in the cashbook, first column.

24. Bought of William Edison on account:

35 bbl. Pork at \$14.25

24. Gave H. C. Benton cash, on account, \$625.

24. Received of P. H. Williams cash, on account, \$325.

25. Bought of James Selden on account:

40 bbl. Beef at \$16.75

25. Received of D. V. Negley cash, for the invoice sold him on Jan. 20.

25. Paid Williamson & Son cash, for the invoice of Jan. 18.

25. Received of John Harrison cash, for his note and interest due to-day.

26. Received of Warren Phelps his note at 10 da., with interest for the balance of the invoice of Jan. 21.

26. Sold John Harrison on account:

12 bbl. Pork at \$16

26. Sold E. C. Bartlett on account:

20 bbl. Beef at \$18

27. Bought of Williamson & Son on account:

25 bbl. Flour at \$5.40

APPENDIX A

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Jan. 27. Sold Howard Stetson on account:

10 bbl. Flour at \$6.50 10 bbl. Salt at \$1.68

27. Received of W. B. Emerson cash, on the invoice of Jan. 18, \$400.

28. Received of Thomas Fleming cash, on account, \$250.

28. Sold D. V. Negley on account:

10 bbl. Pork at \$16.20

29. Sold Warren Phelps on account:

12 bbl. Beef at \$18.25

30. Paid Bell Printing Co. cash, for advertising, \$19.65.

31. Paid Albert Force, a clerk, cash, for one month's salary, \$32.50.

INVENTORIES, JANUARY 31, 19—

Merchandise:

33 bbl. Pork	\$14.
16 bbl. Beef	16.75
45 bbl. Salt	1.50
25 bbl. Flour	5.20

Expense:

Office Safe at cost	\$85.
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Real Estate:

Store and Lot	\$4000.
---------------	---------

CLOSING THE WORK FOR SINGLE ENTRY

After recording all transactions, have them corrected by the instructor. Close the cashbook. (See model, pages ii and iii.)

Posting. In posting, observe the following:

1. Place three accounts on each page of the ledger.
2. The Proprietor's account should be placed first.
3. Open an account with each person whose name appears in the sales book or the purchase book.
4. Debit each person whose name appears in the sales book.
5. Credit each person whose name appears in the purchase book.
6. Post from the journal. The debit or the credit of each item in the journal is indicated.
7. Post from the cashbook. Each item in the first column on the left side of the cashbook should be posted as a credit; each item in the first column of the cashbook on the right side should be posted as a debit.
8. The above completes the posting.

NOTE. Posting directly from the sales book, the cashbook, and the purchase book is a modification of the older methods of single entry, but the plan here suggested saves much time both in recording and in posting transactions.

The Statement. Make a statement as follows :

1. The total of the balances of all the accounts in the ledger in which the debit is the larger represents *accounts receivable*.
2. The total of the balances of all the accounts, the *Proprietor's* account excepted, in which the credit is the larger represents *accounts payable*.
3. The *unpaid* notes in the bill book are to be used in making the statement.

Before making the statement of resources and liabilities, it is suggested that the student examine the records in the bill book to find out if each note issued or received has been recorded, and if all notes either paid or discounted have been so marked in the bill book.

It is easier to avoid errors than to correct them.

Resources :

Accounts Receivable, per ledger
Real Estate, per inventory
Expense, per inventory
Merchandise, per inventory
Bills Receivable, per bill book
Cash, per cashbook

Liabilities :

Accounts Payable, per ledger
Bills Payable, per bill book

The present worth equals the difference between the resources and the liabilities.

The present worth minus the net credit equals the net gain.

Enter the net gain in the journal as follows :

David Easton	Cr.
Net gain, per statement	

Post the net gain to the *Proprietor's* account and show the present worth as in double entry.

Changing to Double Entry. Change to double entry as follows :

1. *Debit* each of the following accounts in the ledger with the amount appearing in the statement :

Real Estate	Expense
Merchandise	Bills Receivable

2. *Credit* Bills Payable with the amount appearing in the statement.

3. Take a trial balance from your ledger ; use the cash balance from the cashbook.

NOTE. Some bookkeepers prefer to journalize the items which enter into the change of single entry to double entry. Various entries may be made to bring about the desired effect, but a record similar to the following is generally preferred, since by it *all* the resources and *all* the liabilities of the business are shown in a form convenient for transferring to the ledger.

January 31, 19—

✓	Accounts Receivable	Per ledger	2310		
5	Real Estate	Per inventory	4000		
3	Expense	Per inventory	50		
2	Mdse.	Per inventory	920		
3	Bills Receivable	Per bill book	428		
C.B.	Cash	Per cashbook	1650		
3	Bills Payable	Per bill book		365	
✓	Accounts Payable	Per ledger		2560	
✓	C. D. Lewis, Prop.	Per ledger		6433	

The items that are already in the ledger are marked ✓ so that they will not be posted. After the above entry has been posted, the accounts of the business are in double-entry form.

A **Double-Entry** set of books may be changed to a single-entry set by leaving out of the ledger all accounts except personal accounts.

The Use of Other Sets for Single Entry. If the instructor thinks it desirable to have additional work in single entry, it is suggested that any set in the Introductory portion of the textbook may be written in single-entry form. Journal paper and ledger paper may be used for this additional work.

REVIEW EXERCISES

The following review exercises are suggested :

1. July 1 Frank Wilson and Chas. K. Peck began a Provision business with the following resources and liabilities :

<i>Resources</i>	
Cash	\$1350
Merchandise	4250
Office Fixtures	240
Horse and Wagon	200
Accounts Receivable	850

<i>Liabilities</i>	
Bills Payable	\$800
Accounts Payable	940

The partners had an equal interest in the business.

The books had been kept by single entry.

October 1 the partners decided to change the books to double entry. The resources and the liabilities on that date were as follows :

<i>Resources</i>	
Cash	\$925
Merchandise	4150
Office Fixtures	240
Horse and Wagon	200

BOOKKEEPING

Resources (continued)

Accounts Receivable:

A. H. Kern	\$150
Thos. L. Fuller	135
E. R. Lakey	165
H. M. Hanna	175
Henry S. Arnold	250
Henry I. Brook	110

Liabilities

Bills Payable	\$325
Accounts Payable:	
H. J. Gould	100
Jas. L. Burgess	140
A. H. Francis	200
Geo. F. Hatfield	85

a. On a ledger sheet credit each partner with one half of the net resources on July 1.

b. Make a statement showing the net gain on October 1.

c. Credit each partner in the ledger with one half of the net gain, and show the present worth of each partner.

d. Change the books to double entry by debiting in the ledger each resource item, and crediting each liability item, on October 1.

e. Take a trial balance of the ledger.

NOTE. If the instructor so desires, the change to double entry may be accomplished by making the journal entry as illustrated on page ix.

2. The following is a trial balance from a double-entry ledger. From this trial balance open a single-entry ledger, four accounts to the page.

James L. Gary, prop.		\$3500
Harvey A. Phelps, prop.		3500
Cash	\$1645	
Merchandise	3256	
Real Estate	1625	
Expense	87	
Office Fixtures	310	
Horse and Wagon	250	
Bills Receivable	195	
A. T. F. Ry. Stock	1000	
Accounts Receivable:	505	
S. M. Aker	\$150	
D. A. White	85	
Roy & Co.	45	
Edward Wise	130	
John Gross	95	
Bills Payable		933
Accounts Payable:		940
James Hyde	230	
H. C. Alden	50	
A. R. Waite	115	
E. S. Dent	175	
A. S. Flint	120	
David R. Race	250	

\$8873	\$8873
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APPENDIX B

DEFINITIONS AND EXPLANATIONS

Bookkeeping is the art of making a systematic record of business transactions, enabling the proprietor to ascertain the condition of his business.

A **Business Transaction** is an exchange of values.

There are two methods of bookkeeping, **Double Entry** and **Single Entry**.

In **Double Entry**, accounts are kept not only with persons but with all sources that affect the results or the condition of the business.

In **Single Entry**, accounts are kept, usually, with persons only.

There are two *classes* of accounts :

Resource and liability accounts ;

Loss and gain accounts.

An **Inventory** is an itemized statement or schedule, in writing, showing the amount of certain assets *owned* by the business, or certain liabilities *owed* by the business.

Allowances are made for the use of money, for the early payment of invoices, etc. Interest and discount are allowances.

Capital, at the beginning of business, usually is the amount invested ; at other times it is the excess of resources over liabilities.

Merchandise includes all commodities which are held for purposes of exchange.

Expense is any expenditure to carry on the business.

Interest is the compensation allowed by law or fixed by the parties for the use or forbearance or detention of money. — *Huffcut*.

Discount is usually an allowance for early payment.

Bills Receivable are the written promises of others to pay us.

Bills Payable are our written promises to pay others.

Posting is a process of transferring debit and credit items to their respective accounts in the ledger.

Present Worth of the Proprietor's account :

Is net credit plus net gain ; or

Net credit minus net loss ; or

The excess of resources over liabilities.

A **Receipt** is a written acknowledgment of money or other value received.

A **Voucher** is a written statement proving that some transaction has occurred.

When resources exceed liabilities a business is **Solvent**.

When liabilities exceed resources a business is **Insolvent**.

A **Statement** of the business shows the results and the present condition of the business; a **Statement** of a ledger account is an abstract of the account, and shows the balance remaining unpaid.

The **Journal** is a book in which the debits and the credits of business transactions are arranged systematically; the history of each transaction and the amount are included.

The **Ledger** is a book containing the accounts of the business, the debits and the credits having been collected from other books of entry.

A **Book of Original Entry** is a book in which entries are made first.

An **Auxiliary Book** is subordinate to a book of original entry.

A **Bill Book** contains an itemized record of all notes received or issued by the business.

The term **Charge**, as used in bookkeeping, means *debit*.

Red Ink is used for

All rulings;

Recording inventories in ledger accounts;

Entering items in the ledger that are to be transferred.

In closing accounts, a single red line means that the items above it are to be added; double red lines mean that the account is closed, the items and the totals above this ruling are not to be used again.

An **Invoice** is an itemized statement of goods bought or sold. It includes the names, the quantities, the prices, and the amounts.

RULES FOR JOURNALIZING

GENERAL RULE:

Debit the account that stands for a value received, or for a person or a thing that causes value to go out.

Credit the account that stands for a value given, or for a person or a thing that brings in value.

RULE I. Proprietor's Account. The proprietor is debited:

For withdrawals from the business for personal use;

For his liabilities assumed by the business;

For net loss when the books are closed.

RULE II. Property Accounts. Under its given name property is

Debited when it comes into the possession of the business;

Credited when the business parts with it.

Property includes cash, merchandise, real estate, notes, etc.

That the journalizing of bills receivable and bills payable may be more clearly understood, separate rules are given herewith.

RULE III. Bills Receivable. Under this title they are

Debited when received by the business;

Credited when the business parts with them.

RULE IV. Bills Payable. Under this title they are

Debited when redeemed by the business ;

Credited when issued by the business.

RULE V. Accounts with Persons. Persons are debited :

When they get into our debt ;

When we get out of their debt.

Persons are credited :

When we get into their debt ;

When they get out of our debt.

Personal accounts are open accounts with individuals, firms, or corporations. Generally they are the result of buying or selling on account.

RULE VI. Expense Account. This account is

Debited for any expenditure to carry on the business ;

Credited for the proceeds of the sale of any item previously charged to expense.

Expense includes rent, salaries, insurance, and other like items. In a large business a separate account is kept with each of these items.

RULE VII. Allowances. Under the given names these items are

Debited when we allow them to others ;

Credited when allowed by them to us.

APPENDIX C

LOOSE-LEAF METHODS AND FILING DEVICES

Modern business men have adopted many inventions for saving time, reducing labor, and lessening expense. Many of these have been applied to bookkeeping and to general office work.

At the very outset it ought to be noted that these devices have nothing whatever to do with the principles that govern bookkeeping; debit and credit are unchanging factors, no matter what form of record may be made.

Different kinds of business and different methods in the same business make various plans desirable and even necessary. This fact is responsible for the production of a multitude of devices for carrying on office work and keeping accounts.

So many systems are in use that only a brief reference can be made to them here. The character of the business and the manner of conducting it determine what devices may be used advantageously. The value of any of them depends on the volume of business transacted and the records required for giving necessary information concretely and in accessible form.

Loose-Leaf Methods. Books equipped with locking devices so arranged that leaves may be inserted or removed at will are used generally and have many advantages. The suggestions here given apply particularly to a loose-leaf ledger, but they have a bearing on any one of the many books where loose leaves are used.

As insertions or removals in any book may be made to conform to requirements, smaller pages may be used than in a bound book.

Pages containing accounts that are closed may be removed and filed in transfer covers or binders for subsequent reference, if such reference becomes necessary. This keeps the ledger volume for current use free from *dead* accounts. It also obviates the necessity of opening new books, as only *live* accounts remain permanently in the ledger.

By the use of projecting leather tabs, index leaves may be inserted, so the book is practically self-indexing, as the removal of a leaf or the insertion of a new one does not affect the index division.

The ability to remove leaves from a book of account at will is open to the objection that it may suggest to an unreliable person the possibility of tampering with important records, as one leaf can be easily withdrawn and another substituted. For this reason some have maintained that this form of record should not be used in certain books, such as the general ledger.

Card Systems. All are familiar with the *card index* found in a public library. This is illustrative of many card-index systems now in use in modern business offices. The following may be named as a special advantage:

The readiness with which unused accounting or statistical material may be eliminated, and, correspondingly, new material may be inserted.

The **CARD LEDGER** is a series of cards ruled in regular ledger form, filed in a box or a cabinet, and properly indexed with projecting guide cards. It is a substitute for a regular ledger. The following are its advantages:

All closed accounts are readily eliminated and new accounts are as readily inserted.

Monthly statements of customers' accounts may be made by several persons working on the ledger at the same time; in a bound ledger only one person can thus work.

Any account required for reference may be taken from the file, and the regular work of the bookkeeper on the ledger will not be interrupted.

The use of projecting tabs affords an easy method of indexing.

Duplicate Billing. By using carbon paper a duplicate or several duplicates of any writing may be made, either with the pen, or with a typewriter, or with a billing machine. For instance, instead of entering all sales in a sales book, a duplicate may be made, which insures a copy identical with the bill sent to the customer; the postings may be done from the carbon records, which, when bound, constitute the sales book. The saving of time and the avoidance of errors are real advantages.

Carbon duplication may be used in a multitude of ways, and may be applied to many forms of record.

Billing machines, and typewriters with billing attachments, afford ideal facilities for both original and duplicate work.

Filing Devices. The vast accumulation of letters, documents, pamphlets, and the like, in a large business office, makes some system absolutely necessary, if material is to be readily available for use when needed. This is provided for by modern filing systems, usually vertical for accessibility, which meet the two essential requirements of a modern business office, namely, classification of material and ready reference. So successfully are these requirements met by manufacturers that the production of filing systems has become a large industry. The following are special features: systems of indexing in any form that may be required, alphabetical, numerical, by subject, or otherwise; provisions for classification and for elimination.

The most common form of filing devices is a cabinet of drawers so arranged that the papers or documents may be filed in either a flat or a vertical position, and may be combined in various forms appropriate to the business to be served.

NOTE. If deemed desirable, the instructor may secure a catalogue containing many illustrations of filing devices, and give some attention to the matter in his class.

APPENDIX D

COMMERCIAL TERMS DEFINED

Acceptance. The name of an accepted draft; an agreement, by signature, to the terms named in the draft.

Account Current. An open or a running account; a detailed statement of transactions between two persons or two firms.

Account Sales. An itemized statement of sales and expenses, rendered by a commission merchant to his principal.

Acknowledgment. A formal admission, made before a notary or other qualified officer, that the act described was done voluntarily; the officer's certificate of such admission.

Affidavit. A written statement made under oath.

Agent. One who acts for, or in place of, another, by authority from him; a deputy.

Assignee. One appointed by another to do some act or to enjoy some right; generally, one to whom property is transferred for the benefit of the creditors.

Attachment. A seizure or taking into custody by virtue of a legal process.

Auditor. A person appointed to examine accounts.

Bankrupt. Any person whose property becomes liable to administration under the bankruptcy laws.

Bill of Lading. A receipt of a transportation company, containing an account of the goods shipped and the conditions of shipment.

Bill of Sale. A writing given by the seller of personal property to the buyer.

Board of Trade. In the United States, a voluntary organization of business men for the advancement of commercial interests.

Bona Fide. In good faith.

Bond. A written promise under seal, binding a person to do a certain thing or not to do it.

Bonus. Something given in addition to what is strictly due the recipient.

Broker. An agent between buyer and seller; a dealer on the stock exchange.

Capital. The investment in a business.

Cashier. One who has charge of money; in banks, the financial officer.

Certified Check. A check that has been accepted by the bank on which it is drawn, thereby making the bank security for its payment.

Clearing House. An institution in a city where daily settlements are made between banks by the mutual exchange of checks, drafts, etc., the difference between such exchanges being paid in cash.

Collateral. A security additional to the personal obligation.

Common Carrier. One who undertakes the office of carrying either goods or persons for hire.

Copartnership. The voluntary association or joining of two or more persons in a business enterprise. The same as partnership.

Copyright. A right of control granted by a government to an author or a publisher.

- Coupon.** A certificate of interest due, printed at the bottom of transferable bonds, designed to be cut off and presented for payment when the interest is due.
- Credit Memorandum.** A notice sent to a purchaser stating that an allowance has been made for goods returned, or for other causes.
- Deed.** A contract under seal, usually transferring the title of real estate.
- Depreciation.** A falling of value.
- Dishonor.** A refusal to pay an obligation when due, or to accept a draft when presented for acceptance.
- Dividend.** The allotment to each stockholder in the division of profits.
- Drayage.** Charges for conveying goods from one place to another.
- Exchange.** The method by which debts are discharged without the actual transference of money; the rate at which such exchange can be made.
- Extension.** An allowance of further time for the payment of a debt.
- Fixtures.** That part of the furnishings of a store or an office which is not movable.
- Footing.** The adding of a column of figures, or the result of such addition.
- Forgery.** The writing of another's name, as a signature, with fraudulent intent, or the altering of a written document.
- Franchise.** A certain right or privilege, granted by a government to individuals or corporations.
- Freight.** Compensation paid for the transport of goods or other property; that with which anything is laden for transportation.
- Good Will.** The value, in a business, of established reputation or patronage.
- Guaranty.** An agreement by which one person promises to make another secure in the possession or enjoyment of something; a security against loss.
- Honor.** To accept a draft, or to pay it when due.
- Income.** The total amount of the earnings and the receipts of money from all sources.
- Index.** An alphabetical table of contents.
- Indorse.** To write one's name on the back of a note, a check, or a draft; to record a partial payment on the back of a note.
- Installment.** A sum of money paid in stated portions.
- Insurance.** Indemnity against loss; the premium paid for insuring.
- Jobber.** A merchant who buys goods from importers and manufacturers, and sells to either wholesale or retail merchants.
- Liquidation.** Act or process of settling debts.
- Lease.** A contract, usually in writing, for the temporary possession of real estate or other property.
- Letter of Credit.** A letter usually issued by a bank, addressed to banks in foreign cities, directing payment of a stated amount to the holder. Such letters are usually carried by travelers.
- Manifest.** An invoice of a ship's cargo.
- Mercantile Agency.** An institution which obtains and furnishes information regarding mercantile enterprises, their financial standing, their business reputation, etc.
- Money.** Current coin; any circulating medium.
- Mortgage.** A conditional transfer of the title to real estate or chattels as security for the payment of a debt.
- Negotiate.** To treat with another with a view to reaching an agreement; to transfer for a valuable consideration.
- Net.** Clear of all charges or deductions.
- Notary.** A public officer who takes acknowledgments of legal documents and protests paper for nonpayment.

- Open Account.** A running or an unsettled account.
- Open Policy.** An insurance policy covering undefined risks and admitting of subsequent indorsements or additions.
- Outstanding Accounts.** Book accounts remaining unpaid.
- Overdrawn.** A term applied to a bank account when a check has been issued for an amount greater than one's credit balance.
- Patent.** An exclusive right to an invention, issued by a government.
- Pawnbroker.** One who makes a business of lending money on personal property pledged and in his keeping.
- Power of Attorney.** A legal authority to act for another.
- Premium.** The consideration paid for a contract of insurance; a sum or bonus in addition to the capital.
- Protest.** A formal notice, issued by a notary to the indorser or the indorsers of a note or draft, of the nonpayment of a note or a draft, or the nonacceptance of a draft.
- Quotations.** The published or current prices of stocks, bonds, or any commodity.
- Rebate.** An allowance for overcharge, for early payment, or for other reasons.
- Receiver.** A person appointed by the court to hold in trust property which is the subject of litigation, pending the suit; or one who is appointed to wind up the affairs of a partnership or a corporation on its dissolution.
- Retail.** To sell in small quantities.
- Short-extend.** To enter individual amounts at the left of the money column, to be extended in total in the money column.
- Sinking Fund.** A fund set apart for the redemption of bonds or for other specific uses.
- Sundries.** Many different or small things.
- Syndicate.** A combination of capitalists who unite their resources to advance some specific business enterprise.
- Tariff.** A lawful rate of duty on imports.
- Terms.** Conditions of sale or of agreement.
- Tickler.** A book containing memoranda of all time paper, and arranged so as to serve for a reminder to pay or to collect.
- Trustee.** One intrusted with property for another.
- Underwriter.** One who insures.
- Valid.** Binding in law.
- Void.** Not binding in law.
- Way Bill.** A document containing a description and shipping directions of goods sent by railroad.
- Wholesale.** Selling large quantities, usually in unbroken packages.

APPENDIX E

ABBREVIATIONS AND GENERAL TERMS

A	America; American	ea.	Each
A 1	First class	e.g.	For example
Acct. or acct.	Account	Esq.	Esquire
Acct. Cur.	Account Current	etc. or &c.	And so forth
Acct. Sales	Account of Sales	Ex.	Example
Adv. or adv.	Advertisement	Exch.	Exchange
Agt.	Agent	fig.	Figure, Figures
A.M.	Before noon; Master of Arts	F.O.B. or f.o.b. . .	Free on board
Amt.	Amount	Fol.	Folio, or page
App.	Appendix	ft.	Foot
Asst.	Assistant	gal.	Gallon
Atty.	Attorney	gr.	Grain
Av. or Ave.	Avenue	gro.	Gross
Bal.	Balance	hhd.	Hogshead
B.B.	Bill Book	hund.	Hundred
bbl.	Barrel	i.e.	That is
bdl.	Bundle	in.	Inch
Bk.	Bank	Ins.	Insurance
B/L	Bill of Lading	inst.	Instant; the present month
Bld'g	Building	Int.	Interest
bu.	Bushel	Inv.	Invoice
bx.	Box	Jr.	Junior
¢	Cent	kg.	Keg
Cash.	Cashier	lb.	Pound
Ck.	Check	L.B.	Letter Book
Co.	Company; County	L.F.	Ledger Folio
C.O.D.	Collect on Delivery	Ltd.	Limited
Coll.	Collection; Collector	M.	Thousand
Cr.	Credit; Creditor	Mdse.	Merchandise
cwt.	Hundredweight	Mem.	Memorandum
da.	Day	Messrs.	Gentlemen; Sirs
Dep't	Department	Mfg.	Manufacturing
Dis.	Discount	min.	Minute
do.	The same	Mme.	Madam
doz.	Dozen	mo.	Month
Dr.	Debtor; Doctor	Mr.	Mister
E. & O.E.	Errors and omissions excepted	Mrs.	Mistress
		MS.	Manuscript

MSS.	Manuscripts	St.	Street; Saint
N.A.	North America	Str.	Steamer
N.B.	Take notice	Sunds.	Sundries
No. or no. . . .	Number	Supt.	Superintendent
O.K.	All correct	Tr.	Transpose
Oz. or oz. . . .	Ounce	Treas.	Treasurer
p.	Page	ult.	Ultimo; of the last month
Payt. or payt. .	Payment	U.S.M.	United States Mail
pc.	Piece	via	By way of
Pd.	Paid	viz.	Namely; to wit
per	By	vol.	Volume
Per cent or per		vs.	Against
cent	By the hundredths	W/B	Way Bill
pk.	Peck	wk.	Week
pkg.	Package	wt.	Weight
P.M.	Postmaster; After- noon	Yd. or yd. . .	Yard
P.O.	Post Office	Yr. or yr. . .	Year
pp.	Pages		
pr.	Pair		ARBITRARY SIGNS
Pres.	President	a/c	Account
prox.	Proximo; of the next month	@	At or to
pt.	Pint	c/o	Care of
P.S.	Postscript	¢	Cent
qr.	Quire; Quarter	✓	Check mark
qt.	Quart	\$	Dollar
Rec'd	Received	#	Number, if written before a figure; pounds, if written after a figure
Ret'd	Returned	%	Per cent
Rev.	Reverend	1¹	One and one fourth
R.R.	Railroad	1²	One and two fourths
Ry.	Railway	1³	One and three fourths
Sec.	Secretary	'	Feet
Shipt.	Shipment	"	Inches
sq. ft.	Square feet		
Sr.	Senior		

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